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JPRS-EER-87-009

20 JANUARY 1987

East Europe Report

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20 JANUARY 1987

EAST EUROPE REPORT

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STATE FARMS FORM NEW PRODUCERS ASSOCIATION

Lodz GLOS ROBOTNICZY in Polish 18 Sep 86 p 2

[Text] The first meeting of delegates, members who founded state farms, from four provinces in the central region of Poland took place yesterday in Lodz at the seat of the greenhouse factory in Janow. The 25 delegates present at the meeting represented 14 state farms.

The following are from the Lodz municipal province: the State Truck Farming Enterprise in Lodz, the Agricultural-Industrial Enterprise in Lodz, PGR [State Farm] Rszew, PGR Nakielnica, PGR Lesmierz, and the State Farm for Breeding Fur-Bearing Animals in Smolice.

The following were admitted to the new union from Sieradz Province: PGR Czarnozyly, PGR Rychlocice, PGR Gora Baldrzychowska and PGR Ligota; from Piotrkow Province, PGR Niewiadow and PGR Dlutow; and from Skierniewice, the Babsk Agricultural-Industrial Group and PGR Rogow.

Discussions were opened in the name of the Founders' Committee by Tadeusz Pastuszko, director of PGR Niewiadow, who welcomed the delegates and representatives of the provincial authorities from the town of Lodz, Piotrkow, and Skierniewice, including Jerzy Labuk, head of the Department of Agriculture and Food Control of KL [Lodz Committee] PZPR, and Lech Krowiranda, vice-president of the city of Lodz.

A discussion arose following the talk by Tadeusz Pastuszko on the goals and tasks of the new union, which above all include awareness of the interests of state farms and improvement in the efficiency of management.

The discussion was short--Bronislaw Mikolajczyk (PPO Lodz); vice-president Lech Krowiranda; Pawel Choynowski (PGR Dlutow); Leszek Deszczynski (PPO Lodz), who also led the discussions; Jerzy Labuk (KL [Lodz Committee] PZPR); Jacek Wojciechowski (National Union of State Farms); and Stanislaw Gozdzik (PGR Rogow) spoke up--but rich in concise suggestions.

State farm pension matters, investment affairs, and workers' benefits were reviewed. Granting total amortizing deductions for farm needs and equalizing conditions within the framework of implementing economic reform were proposed. By force of the resolution passed next, these proposals will be presented at the State Farm Union national meeting.

Yesterday's meeting elected the officers of the new State Farm Union, Lodz chapter. Tadeusz Pastuszko became the chairman of the 20-member union council, and Jerzy Smolewski became vice-chairman. Edmund Niewiara is chairman of the seven-member union administration board.

The Lodz chapter will be represented at the national meeting by Tadeusz Pastuszko, Jerzy Smolewski, Leszek Deszczynski, Tadeusz Rochminski, and Marian Rajewski.

During a break in discussions, the meeting participants became acquainted with production and operation of the greenhouse establishment in Janow. Andrzej Grebowicz, the director of this truck farm, presented the information.

13324/12859
CSO: 2600/67

ZIEBA URGES LOMZA POTATO GROWERS TO BOOST OUTPUT

Bialystok GAZETA WSPOLCZESNA in Polish 4 Sep 86 p 1

[Article from Informacja Wlasna]

[Text] Yesterday (3 September) the Minister of Agriculture, Forestry, and Food Control, Dr Hab Stanislaw Zieba, was in Lomza Province.

He visited the center for commercial potato production in the village of Golasze Puszcza, and rated the work organization, efficiency of the cultivation service, and cooperation of this food processing company with producers very highly.

Accompanied by Jerzy Zientara, provincial governor, and Jan Zarzecki, secretary of KW [Provincial Committee] PZPR, he became acquainted with the agricultural use of industrial sewers in the Natwic-Kupiska meadow system, after which he went to the Aleksandr Zawadzki Food Processing Company. He visited the plant, becoming acquainted with the run of production. The minister talked with the workers, taking an interest in the social and living conditions of the staff.

A conference of directors of Potato Industry Association businesses from the entire country took place next with the participation of representatives from the provincial authorities. It was conducted by the association director, Dr Jozef Gladowski, who characterized the most essential tasks and problems of the potato industry.

Among other things, he stated that in the spring of this year, the industry furnished producers almost 30,000 tons of seed potatoes, completely covering farmers' requirements. Contracts were made for about 1.7 million tons of potatoes. The plantations are in good condition: it is noted that the threat from potato pests is significantly smaller than last year. The August rainfall had an advantageous impact on the growth of many late varieties. Harvests in the range of 130-300 quintals per hectare are anticipated. The best are expected to be in the eastern regions of the country. Potatoes offered for sale contain 13-20 percent starch.

Modernization of plants is proceeding satisfactorily. The Lomza enterprise, where most of the work is done by an economic method, is obtaining especially good results in this endeavor.

Next director Eugeniusz Kluf discussed the problems and prospects for development of the A. Zawadzki Food Processing Company, emphasizing that this company has a multifaceted production profile, and is the only one in the country producing glucose. He also devoted many parts of his talk to matters of technical progress in the plant.

The discussion concentrated on the most essential problems in the entire line of business. The need to develop it by modernization of existing plants and construction of new ones, by tightening the bonds between the industry and planters, and by protecting the environment was pointed out. The dictate of the moment, said many of the discussion participants, is putting into production new, qualitatively better and more disease-resistant potato varieties. Financial-economic problems also were emphasized, very critically with respect to the question of pay. Potato industry workers are among the lowest paid in the country. The prospects for building up a technical background area, as well as a more aggressive entry into the demanding foreign markets, were also given some thought. It was ascertained that, despite all the difficulties and troubles, the potato industry is producing more and more, and has come out of the crisis.

Provincial Governor Jerzy Zientara stated that in the Lomza area, potatoes are grown on about 70,000 hectares. Presently, the aim is to increase production by increasing harvest yields. This will be possible thanks to the wider introduction of biological advances and increased supplies of plant protection agents, mainly for control of potato pests which are a particular problem in the Lomza region. The potential for agricultural use of industrial sewers was also pointed out.

Minister S. Zieba spoke next. Here are fragments of his talk.

The potato industry has a promising character. There is no other line of business with such dynamic development. Poland is third in world potato production. At the same time, it has the most wasteful production system.

In recent years we have made minimal progress in everything connected with potatoes. In regions of intensive production, farmers attain 350 quintals of potatoes per hectare, but throughout the country, it is not more than 150-180 quintals. Now we should resolve to increase the area under cultivation, to raise the harvest yield to 50 million tons.

The problem of plant breeding and seed science continually leaves much to be desired. The Potato Institute in Bonino has a responsibility to intensify work on production of highly starchy, disease-resistant, high-quality commercial potato varieties. A lot already has been done at the institute on edible potatoes.

Also essential is the connection of the industry with producers and development of its own bases of production. A homogeneous system of collaboration of industry with the farmer is forming. From this comes the highest respect for the raw material service, but also the greatest responsibilities.

A system for complex production of potatoes must be founded on modern agro-technology. The fact that much attention is devoted to this in the Lomza region is worthy of recognition.

Production should be incomparably higher. We must achieve it in modernized and developed businesses. There is no prospect other than processing.

Agriculture in Lomza has good conditions for growth. Efforts by the authorities and the effects obtained commit the province to look after it with still greater care. Certain expenditures and means are needed. I can assure you of our assistance.

The first secretary of KW [Provincial Committee] PZPR, Mieczyslaw Czerniawski, and the provincial governor, Jerzy Zientara, met with the minister, S. Zieba. The situation and prospects for development of agriculture in Lomza were presented. There was assurance that all local means and possibilities will be utilized. However, greater expenditures will be necessary for, among other things, improvements, water supply to villages, introduction of biological advances, and greater agricultural use of industrial sewers.

13324/12859

CSO: 2600/67

SUGAR BEET ACREAGE SHRINKING IN LOWER SILESIA

Jelenia Gora GAZETA ROBOTNICZA in Polish 9 Sep 86 p 3

[Article by Szczepan Lawniczak]

[Text] The decrease in sugar beet acreage from year to year has led to a peculiar paradox: campaigns in the sugar factories of Lower Silesia are shorter and shorter. The season is nearly optimal, but it happens this way mainly on account of the scarcity of roots. Lower Silesia, next to the Gdansk and Szczecin seacoast, is one of the areas which has undergone the greatest decrease in beet cultivation in recent years.

The business sphere of the sugar factory in Glogow embraces the provinces of Legnica and Zielona Gora. In the course of a year, sweet root cultivation has decreased by 600 hectares. The largest cutbacks occurred in the copper foundry zone. Contracting for beets in these districts was purposely slowed. It is now recommended also that beets not be grown in foundry-influenced zone "B." Near Glogow several villages have already disappeared. In others, breeding of their remaining cattle and milk cows is limited. As a consequence, farmers are withdrawing from cultivating beets.

This is not the only reason however. Farmers point to the low profitability of beets compared with other crops, the high costs of labor and means of production, and very expensive but second-rate machines and tools. This includes Neptunes or Matrots from the Farm Machinery Center in Stare Kisielino. The Gama sower from Kutno also has many faults.

There is nearly a month left until the start of the sugar campaign, but cultivation services have already begun contracting for beets. Is it too late or too early? It is apparent that the season is appropriate. However, contracting will not have the expected effects, since individuals and farmers' associations want to know the prices for the 1987 harvest. However, no one is in a position to provide them with such information. The prices for agricultural products are corrected once a year in July. Perhaps most significant in a socialized economy is the complete exploitation of root harvesting equipment. During digging technical acrobatics are needed to upgrade the efficiency of worthless old stuff. State farm directors assert openly that equipment made in Polish factories is too expensive and too poorly made to invest a lot of money in its purchase. A new combine costing several hundred thousand zloty may hardly last for one harvest.

The current prospects of sugar factories, as well as in socialized economies, are another sign of the withdrawal from beets. Usually, in the months preceding a campaign, lines of trailers for molasses and dry sweeteners stood there. No one now goes to the sugar factories for the supplemental fodders essential especially for cattle and milk cows because the number of cattle has fallen drastically. The assistant director of raw material distribution in the Glogow sugar factory, Stanislaw Kuta, tells me that last year, after the farmers had transported the beet roots from the field to the sugar factory, they looked for buyers for the beet leaves, as they no longer keep their cattle. They found no clients....

In the first place, in our situation the beet root yield determines the advantageous economic relations in beet growing. Progress is modest. A yield of 300-500 quintals per hectare is barely the limit of profitability, but it is certain that harvests from wheat-beet fields are lower than this limit. Conditions this year for raising beets, at least in our region, are not favorable. A cold spring during the emergence period delayed the growth of the beets. Then, attacks by pests and diseases caused significant plant losses. The distribution of roots per hectare is lower than last year which fundamentally lowers the yields.

Several sugar factories confirm that if the harvest from their supply area is about 300 quintals per hectare, that will be a lot. Lower Silesia and Zielona Gora endured many days of rain, downpours, and even hail, which silted up beet fields, especially in hilly terrain. Because of such a prognosis, the Glogow sugar factory anticipates a 65-day campaign. They want to start it at the beginning of October, and finish during the first 10 days of December.

Many sugar factories are looking for raw material beyond their contracting areas. From here, there are approaches to planted regions for sugar factories in Leszno and Poznan, as well as others, where there has not been such a drastic reduction in the cultivated area. Sugar factories in Gdansk, Szczecin, Podlasie, and even the famous Ropczyce are stepping forward as buyers. There are few sellers. I confess that although I have been interested in the sugar industry for quite a few years, I have never checked off such a situation in my notes.

This then must lead to a peculiar guerilla war, as every sugar factory searches for assistance in its own sphere, even though the management of the Cukropol association handles disposition of raw material. It must also disturb the peculiar optimism of many central agricultural administration representatives, who neither know nor pretend to know what is happening with beets on the threshold of this year's campaign. I must clarify one point: we always have enough beet acreage to assure the production of sugar in a quantity sufficient to satisfy national demands, as well as a surplus.

At the same time, one must take the consequences in future years into account. They result from the significant coupling of beet cultivation with cattle breeding and milk deliveries. Disruption of that chain is more than threatening!

It is true that from year to year we have fewer beet fields. However, there should be more rational use of this raw material. This sugar factory in Glogow is, besides Lagiewniki, one of two in the country which convert the raw product to the so-called yellow phase. The thick syrup is taken in barrels to sugar factories in Jawor, Malczyce, Wroclaw, and Pastuchow. The sugar factory in Lagienwniki has more brother establishments in its neighborhood, and has lower operating costs. It is different in Glogow. Although extensive modernization connected with the construction of new electrical heating is in progress, construction of a system which makes possible the manufacture of white sugar remains a future phase of these projects. One realizes how much it costs, but it is worth remembering that whenever the bill was figured by skinflints, losses reached huge sums. Who knows whether one of the reasons why farmers are reluctant to cultivate beets is that deliveries of beet roots are too difficult, a consequence of moderate progress in the reconstruction and modernization of the national sugar industry?

13324/12859

CSO: 2600/67

PERFORMANCE OF RZESZOW FRUIT, VEGETABLE GROWERS REVIEWED

Rzeszow NOWINY in Polish 9 Sep 86 p 1

[Article from Informacja Wlasna]

[Text] Conditions in the Rzeszow area are favorable for the development of vegetable and fruit growing. The local agrarian structure and preponderance of small farms predestine the Rzeszow farmers to cultivation of vegetables and berries, fruit growing, and beekeeping. It is known how advantageously the cultivation of strawberries, raspberries, and other berries or vegetables have affected the development of several villages in this province.

Vegetable growers, fruit growers, and beekeepers in the Rzeszow association are in six horticultural-agricultural cooperatives. Yesterday in Rzeszow 78 delegates representing more than 13,600 members of the horticultural-agricultural cooperatives held council at their provincial meeting. Participants in the discussion heard reports from management on activities from 1983 to 1985, and information on the subject of implementing proposals and resolutions adopted at the previous meeting. They also heard and approved a report by the council of the Provincial Union of Horticultural and Agricultural Cooperatives. They voted to conclude the term of this council and elected a new one, as well as delegates to the national meeting of horticultural-agricultural cooperatives.

In the years between meetings, 10,500 farms in the Rzeszow area engaged in vegetable and fruit growing. The most important task of all the cooperatives was to satisfy the demand of the local market for fruit and vegetables, as well as to assure the deliveries of raw products to their own processing plants and other fruit and vegetable processing plants, and for export. The development of agriculture in the Rzeszow area is threatened by warroze, a bee disease which has spread lately. Horticultural-agricultural cooperatives will spend 390,000 zloty this year to combat this dread disease.

The horticultural-agricultural cooperatives in the Rzeszow area help their members in another way, providing chemicalization and field services, and giving subsidies and price reductions towards the purchase of protective measures for plants, seeds, and seed-bed materials.

In recent years the supply from vegetable and fruit growing and beekeeping to the means of production has improved. For the third time the Truck Farming Procurement Plant of the Provincial Union of Horticultural and Agricultural Cooperatives in Rzeszow took first place in national competition for the title of best in that line of business. Likewise, the Transport Establishment WZSOiP in Rzeszow won first place for the second time, also in national competition.

Participants in yesterday's meeting discussed directions for the development of vegetable and fruit growing and beekeeping in the Rzeszow area.

Participating in the discussions were: Marian Magon, secretary KW [Provincial Committee] PZPR in Rzeszow; Franciszek Gutowski, chairman of WK ZSL [United Peoples Party]; and representatives of the provincial administrative authorities, various institutions, and businesses which serve agriculture.

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CSO: 2600/67

AGREEMENT ON CEMA NUCLEAR, COMPUTER EQUIPMENT PRODUCTION PLANS

Prague SVET HOSPODARSTVI in Czech No 133, 1986 p 1

[Article by Ondrej Ler: "The Agreed-Upon Plan for Multilateral Integration Measures Among CEMA Countries--An Important Form of Coordination"; first paragraph is SVET HOSPODARSTVI introduction]

[Text] The agreed-upon plan for multilateral integration measures covering the years 1986-1990, which was recently discussed by the 13th Session of CEMA, was formed with an eye toward the work involved in the coordination of national 5-year plans having the same time frame and with an eye toward the tasks emanating from the Comprehensive Program of CEMA Member States Through the Year 2000. As was the case in the past, its compilation involved adherence to the comprehensive approach and it included joint programs from the previous 5-year plan, which will continue through the 2d half of the 1980's.

The decision on working out the agreed-upon plan for multilateral integration measures, which was adopted by the CEMA Council in 1974, was the natural result of a process for perfecting the coordination of 5-year plans involving CEMA countries and had as its goal the concentration of their efforts in solving key tasks involved in cooperation and the joining of multilateral measures with individual national plans.

A characteristic of the agreed-upon plan for multilateral integration measures is that it is compiled on the basis of coordinated plans and expresses the most important measures involved in the development of socialist economic integration, which are inherent in the individual 5-year plans. In this manner, an immediate connection involving planning at national and international levels is achieved. The agreed-upon plan for integration measures encompasses selected activities involved in multilateral economic and scientific-technical cooperation which require the connection of large material, manpower, and financial resources. Cumulatively, it expresses the mutual pledges of individual countries which are contained in the multilateral agreements which have been concluded between them.

The plan for multilateral integration measures for the years 1986-1990 has five segments: joint development of new projects and supplemental production capacities, specialization and coproduction on a multilateral basis, key scientific-technical problems, multilateral integration measures intended to

speed up development and increase efficiency in the national economies of Cuba, Vietnam, and Mongolia, and the working out of CEMA standards.

In view of the tasks specified for the economic community of socialist states by the CEMA summit conference in 1984, the most important part of this plan is formed by questions connected with multilateral production specialization and cooperation. Included in these tasks are also important measures such as, for example, specialization in the creation of the uniformly unified basis of electronic components for radio-electronic instruments and in the production of communications devices, industrial robots, flexible production systems, facilities for the extraction of petroleum, natural gas, the surface mining of ores and nonore-type minerals, and for the beneficiation of solid fuels, etc. The plan also includes provisions for continuing specialization and coproduction in the manufacture of computer technology, facilities for nuclear power plants, automobiles, tractors, agricultural machines, technical means intended to support unified container transportation systems, and for the chemical industry. For example, it is expected that, in comparison with the previous plan, deliveries of computer technology will increase 100 percent and devices for nuclear power plants by 50 percent.

The orientational value of mutual deliveries from production, which are included in this segment of the plan, exceeds 30 billion transferable rubles, whereas for the years 1981 through 1985 this value amounted to 20 billion transferable rubles. Multilaterally agreed-upon deliveries of computer technology alone represent 12 billion transferable rubles.

As far as the first part of the agreed-upon plan for multilateral integration measures for the years 1986-1990 is concerned, it primarily includes the joint construction of the Progres natural gas pipeline from Yamburg to the western border of the USSR. The total value of construction and assembly work provided by participating countries, excluding the USSR, as to say Bulgaria, Hungary, the GDR, and Czechoslovakia, as well as the deliveries of appropriate machines and materials amounts to approximately 5.4 billion rubles. The volume of natural gas which, in conjunction with existing agreements, will be delivered to participating countries during the current 5-year plan will exceed 8 billion m³. Negotiations pertaining to the participation of Poland and Romania have not yet been concluded. Negotiations regarding the specific participation of interested countries in developing the Krivoy Rog Combine for the extraction and dressing of ore oxides have also not been concluded.

An important position in the agreed-upon plan for multilateral measures is occupied by 11 of the most significant problems of the Comprehensive Program of Scientific-Technical Development Through the Year 2000. These are the development of new materials on the basis of ferrous and nonferrous metals and the development and introduction of plastics, flexible production systems, industrial robots, and systems for the automation of programming. It was decided that this segment would be gradually augmented by the addition of other measures on the basis of unilateral and bilateral agreements. Currently, detailed programs for all 93 problems of the comprehensive program are being approved and appropriate contracts are being prepared.

The agreed-upon plan for multilateral integration measures also includes projects designed to intensify geologic exploration in Cuba, Vietnam, and Mongolia, projects for the comprehensive development of sugar production, for the production and processing of citrus crops in Cuba, and other projects in support of development for extra-European members of CEMA.

However, work on the agreed-upon plan for multilateral measures taken by CEMA member states for the years 1986-1990 is far from completed. The concluding of contracts aimed at realizing the comprehensive program of scientific-technical development, which should be encompassed in the joint plan for the 1st half of 1987, is continuing.

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CSO: 2400/80

METALLURGY, HEAVY ENGINEERING PROGRESS SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech No 45, 1986 p 2

[Article by Jan Mara, CPCZ Central Committee employee]

[Text] Since the beginning of the year the Federal Ministry of Metallurgy and Heavy Engineering [FMHTS] has been pressuring economic production units [VHJ] and general directorates have been pressuring individual enterprises to fulfill planned targets at a more even monthly pace. These efforts have produced results in both quantitative and qualitative indicators.

Production of goods at the end of the third quarter had reached 76.3 percent of the target for the year. Exports to socialist countries in all charges paid prices were at 77.4 percent of the annual target, exports to nonsocialist countries in all charges paid prices were at 77.5 percent of the annual target, and deliveries to the domestic market were at 78.2 percent of the annual target. The adjusted value added figure was at 76.7 percent of its projected year and level, profits were at 81.6 percent of this level, and labor productivity based on adjusted value added was at 76.6 percent of its annual target. Labor and deliveries on domestic capital construction projects, however, were only at 63.4 percent of their projected annual figures, and inventory targets had been exceeded. Measures have been taken to improve this performance before the end of the year.

The Czechoslovak Railway Car Works in Poprad is one of the VHJ that is having difficulty keeping up with its targets for the year. The production of goods at the Poprad works at the end of the third quarter was 74.6 percent of the projected yearly figure. Out of 133 organizations the following have been below projected targets since the beginning of the year: the Tlmace SES plant, the Usti nad Labem Sigma Plant, the Poprad Railway Car Works, the Komarov Buzuluk Works, and the Prague Ceskomoravska-Kolben-Danek Dukla Works. Because most of these shortcomings have been of long standing and chronic, we must take radical measures to resolve the situation with the assistance of supervisory agencies. With this in mind the general directors of these enterprises have been given specific tasks related to the control of plan fulfillment.

The purpose of all organizational efforts is to fulfill 1986 plan targets by 22-23 December so that the remaining work days may be devoted to overfulfilling the plan in selected areas. This mainly involves increased attention to detail,

an improved product line, and paying more attention to product quality. The objective is to make a smooth transition to 1987 and to lay the groundwork for the balanced fulfillment of next year's targets from the very first month of the year. In metallurgical works, for instance, the products being produced now, in December, are the more energy intensive ones so that less power will be required to maintain normal operations in the event of poor weather in January and February.

Senior ministry officials have formulated what is known as Program Guidelines for the Successful Fulfillment of the 1986 Plan Including Other Priority Projects. The metallurgy and heavy engineering sector has signed an agreement with the central committee of the Metalworkers Trade Union that is intended to unify the approach to implementing socio-economic measures. The agreement deals with the development of a harmony between personal and social development on the one hand and economic resource formation on the other. A joint approach to the organization, motivation, and focusing of work initiatives and creative activity is intended to help in the most effective possible fulfillment of the tasks of the implementation plan.

This agreement contains specific goals for this sector in 1986, namely to reduce materials intensiveness by 1.29 percent over 1985, to improve labor productivity to 104.7 percent of its level in 1985, to improve the effectiveness of exports to nonsocialist countries by 1-2 percent in comparison with last year, and to speed up inventory turnover by 2.4 days. The results of this intensification process will be measured in terms of the adjusted value added target of Kcs 60.138 billion and a profit target of Kcs 23.770 billion.

In addition to the overall positive results, certain problems persist that we have been unable to solve. These include a continuing shortage of spare parts for our transportation systems and for export, and the failure to keep to certain schedules for the repair of electric power plant units. This sector plays an essential role in the material and technical supply system. The lack of selected metallurgical products, especially from the Chomutov Tube Rolling Mill and Ironworks, is slowing down task fulfillment mainly in the general engineering sector.

Senior officials of the FMHTR, the general directorates and enterprises are also concerned with improving managerial work in conjunction with intensification programs. The objective is to improve the system itself from preproduction stages, through production to the marketing phase, making all aspects more effective. Technical production preparations can have a great impact on effectiveness. Therefore, on 22 October a sectoral working group convened in Brno to consider the development of machinery technology. The objective of the meeting was to exchange experiences and establish guidelines for the Eighth 5-Year Plan.

Among the fundamental tasks of this sector is a reduction in labor content on the order of at least 13.5-14.5 million standard hours annually, and a total of 69.9 million standard hours for the entire Eighth 5-Year Plan. These targets have been set as a minimum with provisions for exceeding the limits by 0.5-1.0 percent annually if this is accompanied by a thorough inspection program. In conjunction with this the number of jobs using obsolete equipment will decline, capital asset utilization and the shift-work ratio will all increase by 1990 by 15-20 percent.

Sectoral officials view consistent rebuilding and modernization with an emphasis on technological solutions as one of the means for achieving these goals. Modernization objectives for equipment are to be coordinated with the requirements for product innovation and the developmental needs of specific fields. The intensification program has established three basic tasks related to technical production preparations:

--the construction of applications centers and model worksites for specific techniques;

--the design, engineering and production of single purpose and special purpose machinery and equipment for domestic use;

--complete a system of technological worksites in all VHJ to accelerate the modernization of the technical and organizational sophistication of production.

This working group also established objectives for the automation of production processes and design work.

R&D programs are under way in selected areas which are closely connected to export programs that have been developed in cooperation with the pertinent foreign trade organizations. In power engineering, this involves the development and production of equipment for the VVER 1000 nuclear power plants, and particularly components of the secondary circuit, steam turbines and 1,000 megawatt turboalternators. This also involves, however, the application of traditional, large-capacity power generation equipment. Efforts in transportation engineering are being focused on development of a new style of articulated trolley with thyristor regulation, new types of diesel and electric locomotives, etc. Rolling mills will be producing with a new generation of highly automated equipment from the Prague Ceskomoravska-Kolben-Danek Dukla Plant.

Developments in chemical, food-processing and rubber-producing equipment are oriented mainly to the requirements of the USSR for the chemical processing of coal, the application of new techniques and equipment to the production of sugar and beer, critical machines and assembly lines for food processing plants, new rubber making machines, and reconditioning equipment for tires. In other sectors priority is being given to the development of cranes, robots and manipulators, and a new generation of machine bucket excavators, and forming tools.

Within the context of the intensification program for the Eighth 5-Year Plan the FMHTS also assigned specific tasks to individual VHJ related to export related product innovations. Measures are being prepared to improve conditions for increasing export activity for heavy engineering in close cooperation with the Ministry of Foreign Trade and other central agencies.

A proposal has been developed and submitted to improve the export efficiency of turnkey projects. This involves systemic measures related to incentives both in korunas and hard currency with the objective of improving the management sophistication of this sector, improve the integration between foreign trade and production, thereby improving the chances for meeting the targets of the Eighth 5-Year Plan.

9276/8918

CSO: 2400/79

LAW ON 1986-1990 5-YEAR PLAN; PRODUCTION TARGETS SPECIFIED

AU150301 East Berlin NEUES DEUTSCHLAND in German 28 Nov 86 pp 11-14

["Law on 1986-1990 5-Year Plan on the Development of the GDR National Economy of 27 November 1986"--all tons are metric tons]

[Text] In implementing the resolutions of the 11th SED Congress, the 1986-1990 5-Year Plan on the development of the GDR national economy aims at a qualitatively new stage in further shaping the developed socialist society in the GDR in accordance with the program of the SED.

On the course of the unity of economic and social policy as the main battlefield and main part of the economic strategy up to the year 2000, the GDR is to be universally strengthened, its contribution to safeguarding peace is to be increased, and a stable dynamism of the national economic growth, productivity, and efficiency of the national economic reproduction process is to be guaranteed. In agreement with the development of the performances, the living standard of the people is to be further improved.

To achieve this, the advantages of socialism will be linked even more closely with the achievements of the scientific-technological revolution, which itself has entered a new phase. In accordance with the economic strategy, all measures to master the scientific-technological revolution are to be aimed at permanently guaranteeing economic growth through comprehensive intensification.

The key technologies are to be applied swiftly and on a great national economic scale in order to further accelerate the increase of labor productivity. Through maximum performances in science and technology, far-reaching effects are to be achieved in renewing production, reducing the specific energy and material input, better utilizing the existing basic assets, and increasing the flexibility and continuity of production as well as the quality of the products.

As a decisive starting point for the further development of the socialist planned economy, the uniform process of the intensively expanded reproduction in the combines is to be extensively developed to ensure that it principally leads from raw material, from basic material, to higher levels of refinement.

On the basis of the "Long-term Program of the Development of Cooperation Between the GDR and the USSR in Science, Technology, and Production for the Period Through the Year 2000," economic and scientific-technological cooperation is to be further deepened. In this connection the relations based on the division of labor are to be more strongly directed at the fundamentally new processes in science, technology, and production. Through close cooperation in the development and application of modern key technologies, an active contribution must be made to implement the CEMA comprehensive program of scientific-technological progress.

The further development of the socialist democracy from the enterprises up to the work collectives is to be mainly implemented by developing the rights and responsibilities of the trade unions. Through socialist competition organized by the trade unions, an increasing contribution is to be made to a rapid growth of labor productivity and efficiency of production and to a simultaneous improvement of the working and living conditions as well as to implementing a high order, discipline, and security. All qualitative factors of the economic growth are to be better applied, new paths are to be taken in the creative application of the Leninist competition principles by applying the most modern technology, the experiences of the best are to be generalized swiftly, and the development of socialist modes of thinking and acting is to be promoted efficiently.

In the combines, enterprises, and institutions the managers have to create all conditions for resourceful and continuous work and utilize performance comparisons and exchange of experiences to put into practice the results of the best workers. At the same time, the resources of the regions are to be made more effective.

The FDJ initiatives to universally strengthen the GDR are to be promoted. Youth must be given responsible tasks to implement the SED's economic strategy, above all to master key technologies. The efforts of the youth brigades to carry out the best performances on a lasting basis, and of the youth research collectives of the FDJ to achieve top performances in the best time are to be comprehensively supported. Special attention is to be paid to the scientific-technological work of all young people in the Fair of the Masters of Tomorrow as well as in their participation in the other economic initiatives of the FDJ.

In the broad public discussion on implementing the tasks of the 11th SED Congress directive on the 1986-1990 5-Year Plan covering development of the GDR national economy, the working people and their work collectives in the combines, enterprises, institutions, and cooperatives actively participated in working out the 5-year plan with their proposals, suggestions, initiatives and commitments, and made valuable contributions to implementing the economic strategy on the development of the national economy until the year 2000, in particular to increasing performance growth and efficiency. This is also an expression of the successful implementation of democratic centralism as a fundamental principle

of the management of the socialist economy and the inherent dialectic interrelationship between socially binding, precisely formulated targets by the state, and the mass initiatives to implement them. The leaders in state and management are committed to comprehensively use the proposals and suggestions to fulfill and overfulfill the plan targets.

I.

The following key targets are laid down for the development of the GDR national economy in the 1986-1990 period;

	1990 as percentage of 1985
Produced national income	125
Net production in the industrial ministries sector	150
Labor productivity in the industrial ministries sector	150
Industrial goods production	
--in the industrial ministries sector	123
--in overall national economy	121
Construction production in the national economy	116.2
Construction production in the centrally and locally administered construction sector	118.2
Performances in the transportation and communications sector	114
Export into the socialist economic area	129
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	In the year 1990
Overall yield of the plant production in grain equivalent units per hectare of agricultural land	50.7 decitons grain equivalent units
State procurement	
--slaughter animal	2,635 kilotons
--milk (4 percent butterfat content)	7,400 kilotons
Use of secondary raw materials	35 million tons
	1986-1990 on the average per year
Reduction of the specific consumption of	
--raw materials and materials important for the national economy	4.0 percent
--important energy resources	3.3 percent
Reduction of the specific transportation expenditure	3.2 percent
Reduction of the prime costs	
--in industry	2.2 percent
--in the construction sector	2.1 percent
	sum 1986-1990
investments, national economy overall	M341 billion

In consistently continuing the main task in its unity of economic and social policy, the material and cultural living standard of the people is to be further expanded in accordance with the economic growth. The following aims are laid down for this:

Sum 1986-1990

Making available apartments through
building and modernizing

1,064,000 apartments

1990 as percentage of 1985

Retail trade turnover

121.7

Net cash incomes of the people

121.7

For continuing the policy of stable consumer prices for basic goods, as well as for rents, dues and services, for building, modernizing, and maintaining and running apartments and for meeting the growing health, social, and intellectual-cultural demands of the people, means are to be increased to about M485 billion in the 1986-1990 period.

The educational sector will be further improved in accordance with the increasing demands for shaping the developed socialist society and is to be developed on a high level; its advantages are to be even more comprehensively developed and implemented to improve the communist education of young people and prepare them well for life, above all for work in our socialist society.

In the health and social sector, the increase in the quality and efficiency of work as well as the further development of preventive health care are to be the center of attention as an overall social task. Out-patient and in-patient basic medical care for all citizens is to be guaranteed on a high level. Social care for the people, in particular for mother and child, veterans of labor, and other senior citizens, as well as handicapped citizens, is to be purposefully improved.

The working and living conditions of the working people in the enterprises and cooperatives are to be further improved by applying new scientific-technological findings and the scientific organization of labor. Working conditions of the working people and their living conditions in the cities and communities are to be developed according to plan in such a way that they promote pleasure in one's work, readiness to perform, and creativity as well as the striving of the working people for high performances, order, security, and discipline. Fire, accidents, and catastrophe-prevention is to be further strengthened. The material preconditions for improving supply to the workers are to be further expanded. Recreation for the working peoples is to be qualitatively improved through reconstruction and modernization of existing facilities.

The capital of the GDR, Berlin, is to be developed as a center of politics, production, science, and culture in such a way that the great political, social, and economic achievements of socialism are expressed in a concentrated way. The capital is to be further developed in a dynamic and cosmopolitan production, function, and development of the city, the socialist way of life is to be exemplified and the attractiveness and attraction of socialist Berlin as a city of peace is to be further increased.

The central youth project "FDJ-INITIATIVE Berlin" is to be continued in accordance with the resolutions of the FDJ.

The 750th anniversary of Berlin is to be celebrated as an outstanding event of national and international significance as a highlight in the life of the GDR.

The task of economically guaranteeing the national defense and internal security and order is to be implemented responsibly as a firm element of the economic policy of the socialist state in accordance with the requirements of intensification in the 1986-1990 5-Year Plan period. The commitments resulting are to be conscientiously implemented by the state and economic management organs, combines, enterprises, cooperatives, and institutions.

II. To Increase the Efficiency of the Qualitative Factors of Economic Growth in Implementing the Economic Strategy Through the Year 2000

1. In accordance with the resolutions of the 11th SED Congress, the rate of development of labor productivity is to be further accelerated. In industry it is to be increased an average of 8.5 percent per year. For this purpose, the expenditure of human and materialized labor is to be reduced and the quality of products is to be increased.

Due to the rapid development and comprehensive application of key technologies, in particular microelectronics and the automation of complete technological processes and manufacturing stages, a higher technological level is to be achieved and universal rationalization is to be implemented while improving working and living conditions. In accordance with their high economic effects, the computer-aided project planning, design, and production preparation and implementation (CAD/CAM solutions) are to be developed faster and applied broadly in all fields and branches of the national economy.

By applying the key technologies, working people are assured more substantial, interesting, and creative tasks and their working conditions will be developed ever more favorably.

By linking the scientific-technological innovation processes with the broad application of the scientific organization of labor, quality and efficiency of the social work are to be swiftly developed and the need for human work will be reduced.

The managers are to farsightedly and trustfully discuss and universally prepare the tasks to master the new technologies and work processes and to acquire new skills together with the working people and in close cooperation with the trade unions and the FDJ leaderships.

The working people's high education and qualification level, which will increase until 1990, is to be efficiently utilized for dynamic national economic growth. The advanced education of the working people is to be aimed at mastering science and technology.

A fundamental task it to gain workers for solving central national economic tasks by saving jobs, which can be accomplished by applying the Schwedt initiative on a broad basis. The workers gained through saving work time and work places are to be mainly used to strengthen domestic production of rationalization means, to expand the multiple-shift work, and to increase the production of consumer goods.

The working people's material interest in high performances for the accelerated increase of labor productivity and efficiency is to be further increased. For this purpose, the performance-oriented wage policy that has stood the real-life test is to be continued by giving, according to plan, bonus payments in the form of performance-oriented basic wages and salaries in close connection with the scientific organization of labor. In this way, the performance principle as a basic principle of distribution in socialism is to be applied even more effectively. Its stimulating effects are to be applied completely for the further economic and social progress, for the increase of labor productivity, the socialist attitude to work and social property and for the development of a higher working discipline and morale.

2. In accordance with the economic strategy of the SED, the advantages of socialism are to be more efficiently linked with the achievements of the scientific-technological revolution.

With creative scientific-technological performances of international caliber and their broad application, it is to be ensured that the GDR, in close cooperation with the USSR and the other CEMA countries, will keep pace with the progress of the scientific-technological revolution and the rapid development of the productive forces on an international scale and that international top ranking will be achieved in decisive fields.

By organically linking science and production through economic contracts on research cooperation between the combines and institutions of the GDR Academy of Science and the university sector, high economic and social results are to be achieved.

With key technologies, dynamic economic growth is to be guaranteed by highly refining the existing energy resources, raw materials and materials while at the same time decreasing specific consumption.

With the accelerated development and the application of microelectronics, modern computer technology, and the computer-aided design, project planning, and control of the production, and with flexible automatic manufacturing systems, new preparation processes and material, biotechnology, nuclear energy, and laser technology, a large increase in performance, productivity, and efficiency is to be implemented. Production is to be swiftly renewed, its quality is to be increased, and input is to be decreased to a heretofore unparalleled extent. Proceeding from the main directions, concrete tasks are to be stipulated with the state plan for science and technology and in particular with the state assignments to implement national economic innovation processes, in particular the key technologies.

The time-frame for development and introduction into practice is to be reduced; scientific-technological results are to be applied in production swiftly and with high productivity, and thus flexible reactions to the changing demands are to be ensured.

Everywhere in the combines and enterprises, quality production is to be achieved, one which meets high international standards in the scientific-technological level of the products, in utility value, efficiency, and design, and which is implemented with the most modern technologies and processes.

To increase the economic efficiency of science and technology, the achieved results must be fully reflected in the plans of every combine and in its results.

The following targets are set:

--Through rationalization and automation, an average of 550 million working hours are to be saved per year and are to affect the production, while at the same time workers will be gained for other productive tasks.

--Through the production of newly-developed products amounting to M150 billion, a renewal rate for the production of 30 percent and for consumer goods of 30-40 percent is to be guaranteed. For at least 60 percent of the new production, a top international level is to be achieved. Prerequisites are to be created to increase, on the basis of high quality yardsticks, goods production with the "Q" quality sign by 1990 to M160 billion.

By 1990 specific energy consumption is to be reduced by an equivalent of 80 million tons of raw brown coal as compared to 1985.

--In the 1986-1990 period the following material savings are to be achieved:

rolled steel	at least 2.6 million tons
aluminium	approximately 44 kilotons
copper	approximately 13 kilotons
cement	approximately 1.8 million tons

In basic research, top scientific-technological results are to be achieved above all in accordance with the requirements of the economic and scientific-technological development of the combines and research results are to be swiftly applied in production. For this, basic research is to be concentrated on the main points and directions of the most important fields of science and key technologies.

Social sciences are to make efficient contribution to universally strengthening the GDR by further developing their interdisciplinary character. Research work is to be concentrated on ways to further increase the economic performance through comprehensive lasting intensification in all fields of the national economy as well as on ways and methods to further implement the unity of economic and social policy and on the development of the socialist way of life.

By further rationalizing the scientific-technological work by computer-aided development, design, and project planning, through an efficient information and office technology as well as modern measurement, testing, and analysis technology, the creative level of the performance in research and development and the economic productiveness are to essentially increase.

The financial means for science and technology are to be increased by an average of 9.2 percent per year.

The material-technical basis of research and development is to be strengthened above all in the existing capacities; expanding or rebuilding the required model facilities, technical schools, and testing facilities are to be focused on trends in science and technology. The scientific-technological creativity of the innovators, inventors, and rationalizers is to be utilized to solve decisive tests of the plans for science and technology. To implement challenging aims to reach and overfulfill the top international level, the youth in the Fair of the Masters of Tomorrow must be given responsible tasks to an increasing extent, in particular from the plans for science and technology, and FDJ youth research collectives are to be formed.

3. Further increasing the energy and material economy is a fundamental task. Dynamic economic growth is to be guaranteed by higher refinement but with decreasing specific production input. Through the broad application of the energy- and material-saving key technologies, accelerated production renewal and the improvement of the input-output ratio, increasingly closing the material cycles by processes low in waste products, or free from them and through the production of quality goods everywhere, a high economical use of raw and other materials is to be guaranteed. The guidelines are to achieve an ever-increasing profit from any kilogram of material.

The specific consumption of raw materials and materials important for the national economy is to be decreased by 4 percent on the average per year--calculated for one unit of industrial goods production; among them:

rolled steel in the metal-processing industry by 7.5 percent,
rolled steel in the construction sector by 6.7 percent, and
cement in the construction sector by 5.0 percent.

To completely achieve these targets, these product- and project-related measures are to be stipulated: for modernization of the production processes; the broad application of microelectronics and the utilization of modern computer technology, for the development and efficient utilization of new materials on the basis of domestic primary and secondary raw material reserves and for implementing the economic lightweight construction in all production stages.

The rational use of energy is to be developed decisively to meet the growing energy demand. The main way to achieve this is in energy-saving technologies and production processes to reduce the specific energy consumption in the entire national economy--technologies and processes that are scientifically and technologically top level--and in their accelerated application in production. In relation to the national income, the economy's use of energy is to be reduced an average of 4.5 percent per year.

Technologies and products are to be pegged to the best international energy consumption standards to guarantee a rational use of energy and on this basis specific scientific-technological performance targets to reduce energy consumption are to be specified in the tasking workbooks.

The technical-economic level of the norms and norm targets for the consumption of energy, materials, and packaging material and for the storage economy is to be constantly improved in accordance with the most recent findings of science and technology and the international standards. The initiatives of the working peoples within the framework of the socialist competition to decrease the specific material input, to avoid losses of material through faultless production, and to utilize secondary raw materials are to be universally promoted, above all through work with the cost accounting books. The FDJ action "Material Economy" and the initiatives of the Ernst Thaelmann pioneer organization to collect secondary raw materials are to be efficiently supported.

By using the resulting secondary raw materials and industrial waste products in the enterprises' and the national economy's cycle on a large scale, their contribution to supplying the national economy with materials and raw materials is to be increased. By 1990 the utilization rate of the secondary raw materials is to be increased to 116 percent. A continuous supply to the processing industry is to be guaranteed by intensifying the collection, reprocessing, transportation, and use particularly for scrap, waste paper, waste oil, thermo-plastic wastes, returnable glass containers, timber scraps, and bones. By stepping up use of the most advanced scientific-technological findings, a complex utilization and refinement of the substances from slag and mud, lye, ash, flue gases, and waste water is to be organized. Simultaneously, a contribution to environmental protection will be made.

4. In implementing the comprehensive intensification, a more efficient use and further modernization of the basic assets and an essential increase of the efficiency of the investments are to be ensured.

Investments are to be efficiently used for the qualitative renewal and rational utilization of the existing basic assets. The purposeful use of most modern equipment to introduce key technologies, in particular microelectronics, and to automate production is to be linked with the most rational utilization and modernization of the existing basic assets in the combines and enterprises. With investment projects, particularly in industry, the timely economical use of the most advanced results from science and technology and a production structure in accordance with demand are to be guaranteed. The scientific-technological tasks and the preparation of investments are to be planned and managed as a uniform process on all levels.

The investment projects decided according to the plan are to be prepared on time and with high quality. The planning is to be rationalized everywhere by applying the most modern processes, in particular by broadly applying computer technology (CAD systems). Projects that are decisive for an increase in performance and efficiency are to be completed faster. New projects will be confirmed based on the consistent observance of the adopted efficiency standards.

The preparation and implementation of investment projects are to be strictly managed. It must be guaranteed that every confirmed project will be put into operation on schedule with the stipulated increase in capacity and economic efforts.

Planned rationalization investments are to be directly linked with the modernization of existing basic assets by doing general repair work. In this way, decisive progress will be achieved in intensifying and increasing the efficiency of the national economic reproduction process, increasing labor productivity, in better use of shifts, and in improved use of energy and materials.

The in-house production of the rationalization means by the combines and enterprises is to be greatly strengthened qualitatively and quantitatively and, as a center of most modern technologies of every combine, it is to be developed into an essential material-technological basis for the broad application of the key technologies. In the 1986-1990 period, an annual growth of at least 13.8 percent in the in-house production of rationalization means is to be achieved in industry. It is to be developed in such a way that it becomes the center of most modern technology with its own efficient capacities for development and producing microelectronic component parts and instruments and for the necessary software. The share of the equipment for investments from the in-house production of rationalization means in the investment equipment of industry is to be increased to approximately 25 percent by 1990.

To ensure high economic results, use of multiple shifts is to be further increased for the existing and newly installed machines and facilities. In the branches of the processing industry, using the most important production equipment at least 17.5 hours per calendar day is to be achieved by 1990, and in the plant-intensive branches of the basic industry, 18-20 hours per calendar day. At the same time a better use of all basic assets, in particular of the working machines and machine tools, is to be implemented.

The structure of performances in the construction sector and the further industrialization of building activity on a high scientific-technological level is to be brought into line with the requirements of modernization, and is to be increasingly directed toward the intensive utilization, reconstruction, and maintenance of existing buildings. Construction expenditure for new investment projects is to be reduced by 10 percent by 1990, while guaranteeing the economic targets, as well as the high quality and durability of buildings. Construction times are to be reduced by 15 percent by 1990.

5. In all branches of the national economy the available materials and finances are to be constantly used with the highest efficiency. The national economic input-output ratio is to be further improved. For this the most recent findings of science and technology, in particular the key technologies, are to be used with high economic efficiency in all stages of the reproduction process. The amount of human and materialized labor used, above all of raw materials, materials, and energy resources, is to be decisively reduced.

In the field of the industrial ministries:

- prime costs are to be reduced by an average of 2.2 percent per year;
- material costs are to be reduced by an average of 2.4 percent per year.

Available materials and finances are to be used rationally and the principle of socialist management is to be consistently implemented in all sectors of the national economy. With the help of finance and cost planning, with long-term cost concepts, and with exact cost accounting according to the kinds of costs, cost units, and cost centers [kostenstellen], along with economic analyses, new reserves for decreasing the production input and for better utilizing existing funds are to be discovered and developed.

6. The tested system of our socialist planned economy with the combines as its mainstay is to be further improved in such a way that the efficiency of work is considerably increased, the advantages of socialism are linked even more efficiently with the scientific-technological revolution, and the key technologies' comprehensive interpenetration of the national economic reproduction process is guaranteed. In implementing the measures to strengthen the socialist planned economy, one must proceed from the fact that management, planning, and economic cost accounting always form a unity. They are to be consistently directed toward implementing the economic strategy, and thus toward an accelerated increase in labor productivity, a high increase in the national income, and the greatest possible, distributable final product to supply the people and the economy, as well as for export with high quality and efficiency. Here the principle applies that, what is of advantage for the national economy must also be of advantage for the combines and enterprises.

In accordance with the principle of democratic centralism, the central state management and planning of the national economy are to be further strengthened and increasingly closely linked with the creative initiatives of the working people in enterprises and regions by broadly developing socialist democracy. The improvement of management, planning, and economic cost accounting is to be concentrated on even more efficiently developing the qualitative factors of economic growth as a whole and on comprehensively implementing intensively expanded reproduction in all fields and at all stages of the national economic reproduction process. For this the teamwork between the combines and enterprises and the state organs in the regions is to be further expanded.

Central state planning is to be further consolidated as the socialist state's main instrument for proportional development according to plan and for guaranteeing dynamic national economic growth with high efficiency. In accordance with its importance for the implementation of overall state interests, the authority of the plan and its correlated targeting character is to be increased at all levels of management and in all sectors of the national economy.

In the 1986-1990 5-Year Plan period the state plan for science and technology is to be linked even more closely with the preparation and implementation of investments and of project-related investment planning in order to apply top performances in science and technology rapidly and with the highest economic yields. Through introducing renewal passes [erneuerungspass] and improving work with tasking workbooks, an even closer connection between science and production is to be guaranteed. The overall process of setting the tasks for research up to verifying the implementation of the economic results in production, including a constant comparison with the international level, is to be managed in a uniform way.

With the aim of implementing investment projects as quickly as possible using the most modern technology, the central project-related, correlated balancing of equipment that is important for the national economy is to be further developed. Central state planning and correlated balancing are to promote modernization even more efficiently as a main form of reproduction of basic assets, together with solving of the overlapping tasks in the national economy that are aimed at higher refinement and saving of raw materials, materials, and energy and energy resources.

As the main method of socialist planning, correlated balancing is to be used even more consistently to implement the national economic requirements in a flexible and efficient way. The unity of plan, record results, and contract--and, thus the economic responsibility for implementing the plan tasks--is to be consistently guaranteed in all sectors of the national economy. The use of modern electronic computing technology is to be increased on all levels in order to further improve planning and correlated balancing, for an increasingly improved operative mastery of the national economic interconnections, and to master the increasing tasks in a national way. The introduction of a uniform, computer-aided, correlated balancing system in all producing sectors, from the State Planning Commission via the ministries up to the combines, is to be concluded by 1987.

In accordance with the combine's significance as a basic form of the social organization of socialist large-scale production, the further improvement of management, planning, and economic cost accounting is to be directed toward even more efficiently developing the combines' possibilities of comprehensive intensification on a long-term basis. The combines' and enterprises' national economic responsibility for intensively expanded reproduction is to be further purposefully strengthened on the basis of the plan. The principle of earning one's own means for the most efficient development of the process of intensively expanded reproduction in the combines serves this aim. The combines must be given a higher responsibility for earning and also using those means that serve the modernization and reconstruction of the basic assets.

The cycle of the intensively expanded reproduction of the combines is to be closed to a great extent. The combines are to be developed in such a way that they themselves produce supplies that determine quality, including micro-electronic component parts.

Research cooperation with the institutions of the GDR Academy of Sciences and with universities and colleges is to be expanded on the basis of the plan and the coordination and performance contracts. The qualitative and quantitative strengthening of in-house production of rationalization means is to be utilized as the primary and most important source in modernizing the existing basic assets by introducing the most advanced technologies on a higher level. Through the accelerated use and domestic development of microelectronics in particular, complete modernization solutions are to be created, starting from computer-aided design, project planning, and production preparation, up to complex flexible automation solutions.

By evaluating the combines' and enterprises' performances on the basis of the main targets of net production, profit, products, and services for the people and export, the economic interest of the economic units is to be linked even more closely with national economic requirements. Through the broad application of comprehensive performance comparison, the connection between application of the results of science and technology to save working hours and workers, reduce energy and material input, implement CAD/CAM solutions and the other qualitative factors must be made clear as a basis for performance development. To this end, management in combines and enterprises is to be upgraded to a higher level.

Further strengthening the unity of material and financial planning is to guarantee that available assets are utilized rationally and with great efficiency. The role of the categories of profit, costs, prices, loans, and interest is to be further increased in accordance with the requirements of the deeper economic penetration of the processes of intensively expanded reproduction. The granting of loans and control by banks are to be increasingly directed toward raising the economic results from science and technology and accelerating the circulation of the assets.

III. Tasks to Further Develop the National Economy's Material-technical Basis

The following tasks have been stipulated for further developing the national economy's material-technical basis as the decisive foundation for guaranteeing dynamic economic growth:

1. Increased Development and Application of Key Technologies

By introducing the most modern technologies, comprehensive effects are to be achieved in renewing production, increasing the raw-material, material, and energy economy, in the flexibility and continuity of production and in the quality of the products. To achieve this, high technologies and the key technologies, in particular, are to be developed in an accelerated way and are to be brought to bear for the dynamic development of the power of the national economy. By applying the findings of the scientific organization of labor, interesting creative tasks are to be developed in preparing scientific-technological innovation processes for the working people in the production process, and socialist working conditions are to be structured.

In accordance with its broad national economic effects, microelectronics is to be developed at an accelerated rate. The stipulations on developing the Carl Zeiss Jena VEB and the Erfurt microelectronics combines into centers of high technology are to be implemented in a concentrated way. By 1990 the existing range of circuits is to be expanded by introducing new basis technologies to master considerably reduced structural ranges and by carrying out specific comprehensive data processing functions using very large-scale integrated circuits. On average, production of unipolar circuits is to be increased by 47 percent and bipolar circuits by 20.6 percent per year. Scientific-technological work is to be directed toward developing micro-processor circuits with a 16- and 32-bit processing range, optoelectronic component parts for optical fiber transmission technology, sensors and actors on a microelectronic, optoelectronic, and micromechanical basis, as well as surface-mounted component parts.

Development and production of special technological equipment for microelectronics, including structural units and elements of high-vacuum technology are to be increased by an average of 12 percent per year. The expansion of microelectronic manufacturing capacities is to be directly linked with the modernization of existing equipment and plants. In the processing industry combines, microelectronic production capacities, in particular for user-specific circuits and hybrid circuits and for printed-board production and assembly, are to be developed or expanded to an increasing extent and efficient groups [gruppen] for microelectronics have to be created in all combines. Production of basic and auxiliary material for electronic component parts is to be increased in the chemical industry, metallurgy, and the glass and ceramics industry in accordance with the qualitative and quantitative requirements.

In all branches and sectors of the national economy, microelectronics is to be used to attain efficient production and export ranges, to increase the material and energy economy, and to automate working processes and improve the people's working and living conditions.

For the accelerated application of computer-aided project planning, design, production preparation and implementation, by the end of the 5-year plan period 90,000 CAD/CAM work stations are to be created and handed over primarily as youth projects, taking into account existing modernized computing technology. Thus, in industry and in the construction sector productivity increases of up to 500 percent are to be achieved in the technical preparation and control of production. The responsible combines and users' collectives have to make available the necessary standardized basic software and the multipurpose specified user software.

Modern computing technology is to be used for research, development, and for the preparation and control of production in the combines to improve management, planning, and correlated balancing on all levels, to further rationalize work in producing sectors, in the transportation sector, in trade, in the banks and insurance companies and in other sectors, and for basic and advanced training. For domestic use and for export production should be as follows:

office and personal computers	170,000
small-scale data processing equipment	1,950
Electronic data processing equipment	670

The step-by-step development of the automated data network is to be guaranteed by creating the necessary technical means for equipment and programs. Prerequisites are to be worked out and introduced for office telex, videotext, and telecopying forms of communications.

Microelectronics, robot and computer technology, as well as information technology are to be increasingly brought to bear in all sectors of the national economy, together with the broad development and application of automation technology. Small-scale and medium-scale production have to be increasingly incorporated into automation.

In the metal-processing industry at least 60, and in other branches of the national economy 35, complex automation projects are to be implemented. Here project-related increases in labor productivity to 500-600 percent, a utilization rate of 17 to 20 hours per calendar day, prime cost reductions of 15-20 percent, and material savings of 20-40 percent are to be achieved.

The necessary capacities of the producers and users are to be concentrated on developing software as a basic element of automation solutions. Engineering-technological performances are to be increasingly implemented in export by means of software.

To increase the technological level, rationally develop production, and improve working conditions 80,000 industrial robots are to be produced in the 1986-1990 period. For this the young people are to be given further tasks within the framework of the FDJ initiatives "Microelectronics" and "Industrial Robots."

Biotechnology is to be primarily aimed at developing and producing highly efficient diagnostic and pharmaceutical substance for health protection, at using enzymes and aromatic substances in the foodstuff industry, utilizing methods based on genetic and cell technologies in the plant and animal production sector, and at highly refining domestic raw materials and producing usable materials from waste products, including the reduction of environmental pollution. Biotechnological production in the national economy is to be tripled by 1990. Decisive prerequisites for that are to be created by concentrating the research potential, as well as by mastering and applying modern biotechnological working techniques, linked with processing and automation technology based on the advanced findings of microelectronics. Production capacities for biotechnological equipment and instruments and for refined biochemicals are to be expanded.

2. Development of Energy and Raw Material Basis

On the basis of the efficient utilization of domestic raw material resources and a further increase in the procurement of domestic energy resources and raw materials and in the imports agreed on a long-term basis--in particular from the USSR--the prerequisites for dynamic economic development are to be created through the consistent continuation of the refinement and efficient utilization of all energy resources. The state tasks in the "Natural Gas Pipeline" central youth project in the USSR are to be implemented according to plan. Key

technologies have to be applied in producing and processing new materials, and new processes for the comprehensive utilization of all components contained in products and for the recycling of secondary raw materials and waste products are to be developed and employed. Of the demand for raw materials that are important for the national economy, 14 percent is to be met by utilizing 35 million tons of secondary raw materials.

Production of important energy resources and raw materials is to be developed as follows:

	Measuring units	1990
Raw brown coal	tons, in millions	335
Electric energy	kilowatt hours, in billions	126
Briquets	tons, in millions	52
City gas	cubic meters, in billions	8.2
Plastics	1,000 tons	1,240
Synthetical silks and fibers	1,000 tons	201
Nitrogen fertilizers	1,000 tons	1,500
Potash fertilizers	1,000 tons of K20	3,500
Rolled steel	1,000 tons	10,047
including refined rolled steel	1,000 tons	9,042
Tin	tons	2,600
Primary aluminium and alloys	tons	68,500

In the sector of energy economy, measures to use energy rationally are to be purposefully implemented in all sectors of the national economy. To this end, new scientific-technological solutions to reduce specific energy consumption are to be worked out and implemented by a thorough improvement in the degree of efficiency of transforming, distributing, and applying energy, as well as to reduce the specific consumption of electrical energy by production equipment and technical consumer goods. The refinement of domestic brown coal into high-quality energy resources like gas, coke, pulverized fuel, and briquettes, as well as the economical utilization of material is to be further intensified, and thus making a contribution to the efficient utilization of energy resources and to reducing environmental pollution. Producing high-strength, high-temperature brown-coal coke will create the prerequisites for the increased substitution of hard-coal coke in metallurgy and in quick lime production.

By means of the stable operation of power plants and substations the people's supply of electrical energy is to be guaranteed in accordance with the plan. For this purpose repair work, reconstruction measures, and the expansion of power plant capacities, including industrial power plants, are to be implemented according to schedule and with high quality. To guarantee the necessary performance increase in coal industry repair work, reconstruction and expansion measures are to be carried out on schedule.

In the chemical industry the proportion of chemical products in overall production that have a higher degree of refinement is to be increased from 35 percent in 1985 to 40 percent by 1990 on the basis of a cohesive concept of crude-oil processing, the higher economical utilization of crude oil products and imported natural gas, and of an increased output of carbon-based chemical [karbochemisch] products.

The measures to utilize crude oil more efficiently in the national economy are to be consistently continued through intensified cracking. To ensure the necessary supply of organic raw materials to the chemical industry, the refinement of brown coal is to be increased.

In the period up to 1990, the higher refinement of domestic carbon-based chemical raw materials is to be consistently continued. The procurement of brown coal tars and oils is to be increased to over 1 million tons per year and, on the basis of modern processes, is to be used for electrode coke, paraffins, benzol, phenol, lubricants, fuels, and heating oil.

In order to ensure the supply of raw materials to the processing industry, production of plastics and elastics with special characteristics--using highly productive technologies--for the metal-processing industry, the construction sector, and the consumer goods industry, and the production of synthetical fibres and silks, and of special and auxiliary materials for microelectronics is to be developed in accordance with specific demands. The central youth project "Intensification of Production of Highly-Refined Chemical Fiber Materials" will be continued.

Qualitatively improved fertilizers, insecticides, pesticides, and in particular fungicides and growth stimulators have to be produced. For new ceramic construction materials, processes for high-quality chemical intermediate products are to be developed and applied in production.

Production of chemical plant and construction is to be increased by 7 percent per year in the 1986-1990 period.

In metallurgy the supply of metallurgical products to the national economy is to be guaranteed by further increasing the share of refined products with increasing quality and a greater variety, and the fulfillment of the tasks for the export is to be ensured. Through the development and further development of metallurgical finished products, a decisive contribution is to be made to further reducing the specific metal input in industry.

In ferrous metallurgy the full metallurgical cycle of the Ost Metallurgical Combine is to be completed by building a hot wide-strip rolling mill, and to implement the material and energy saving advantages of powder metallurgy the Thale Metallurgical Plant VEB is to be made into a power metallurgy center. In metallurgy's production program the proportion of highly refined ranges is to be increased to 90 percent.

Nonferrous metallurgy has to provide electrical engineering and electronics, in particular microelectronics, with high-quality special materials in such a way that the preconditions--with regard to material supply--for the accelerated development of this high technology are created. Through introduction of new production and processing methods and technology, stable copper supply and rising tin production are to be secured from domestic raw material sources. Introduction of the process to utilize domestic raw materials for aluminum production is to be started.

In the potassium industry the improvement of product quality in line with the requirements of the national economy and the foreign market is to be continued.

In the glass and ceramics industry, high-quality glass and ceramics products in accordance with the requirements of intensified application of key technologies, such as microelectronics, biotechnology, and refinement chemistry, are to be developed and supplied on the basis of domestic raw materials. In line with the increasing importance of ceramics-based construction materials, the production and application of new ceramics materials are to be prepared by 1990 and a facility for the production of 1,000 tons of ilmavite [Ilmavit] is to be put into operation. With the development and application of the plasma melting process silicium and glass materials of the highest quality are to be supplied.

As a precondition for securing qualitative and quantitative performance growth in the glass and ceramics industry, production of silicate raw materials, in particular of vitreous sands, kaolin, and ceramic clays, is to be raised and production of feldspar concentrate is to be prepared.

Geology has to provide the necessary increase in reserves for expanding the mineral raw material basis and to ensure a stable production of natural gas.

Forestry has to increase the supply of raw timber to 11.6 million cubic meters by 1990. The necessary intensification measures for this are to be implemented and production and yield of the forests have to be secured. Great support is to be given to the FDJ's "Healthy Forest" campaign.

3. Production of Modern Equipment, Machinery, Subcontractor Products, and Spare Parts

The metal-working industry has to supply machinery and equipment, as well as subcontractor products and spare parts with a high scientific-technological standard and in a quality that corresponds to the world standards to all sectors of the national economy and to exports. To this end, concentrated measures for modernization and reconstruction of the enterprises of machine building and electrical engineering are to be implemented at the level of highest manufacturing organization; flexibility and ability to react in production and in the design of cooperation relations are to be considerably improved, and the existing facilities are to be used more efficiently. The share of microelectronics in machinery and equipment as well as in industrial consumer goods is to be further increased. As a precondition for this, comprehensive automation is to be accelerated in all branches of the metal-working industry.

In the sphere of electrical engineering and electronics, industrial goods production is to be raised to 151 percent and a degree of production renewal of 33.9 percent by 1990 is to be achieved.

Focal points in the development and supply of new product generations are equipment- and plant-specific control, drive, measuring, and regulating technologies, communications technology, and scientific equipment construction. Quality and reliability of the products are to be increased. As a precondition for widespread implementation of automation in the national economy, new micro-computer-based automation equipment for rolling mills and cement works, for large-size strip mining equipment, for chemical plants, and for the reconstruction and new construction of power plants as well as of large and medium-sized machinery, direct-current engines, electronic power controlling units for electrical engines, as well as computer equipment for CAD/CAM application are to be supplied. Transition to digital communications technology for selected equipment and software complexes is to be prepared.

Production of goods that are important for the national economy is to be raised as follows:

1990 as a percentage of 1985

Industrial measuring, control, and regulating facilities	182
Electrical engineering facilities	147.6
Signalling and safety facilities for the transportation sector	149.6
Large and medium-size electrical machinery	159

Industrial goods production in machine building is to be increased to 132 percent. By 1990, 40 to 50 percent of the entire production volume is to be supplied in the form of complex machinery systems. In order to raise the technological level of production and the quality of the products, manufacture of microelectronic component parts and structural components in the machine-building combines is to be further expanded or developed.

The technological level of production is to be considerably increased through the unity of rationalization, modernization, and automation in transforming manufacturing stages up to entire production sectors. Microelectronics, robot technology, computer technology, and information processing are to be integrated into this process.

Production of products that are important for the national economy is to be raised as follows:

1990 as a percentage of 1985

Cutting machine tools	147
Cold shaping machine tools	152
Numerical controls	175.6
Machinery and equipment for the printing industry	140
Machinery and equipment for the textile, clothing, and leather industries	137
Strip mining equipment	135
Ventilation and air conditioning equipment	130
Equipment for soil cultivation	139
Packaging equipment	143
Products of medical technology	130.4
Machinery and equipment for the foodstuffs industry	146
Roller bearings	126
Instruments	127
Products for hydraulics	129

Further development of products and machinery systems for agriculture is to be aimed at increasing soil fertility, considerably improving the weight to performance ratio--reducing pressure on the ground in particular--reducing fuel consumption, and prolonging the periods of cultivation and reliability. Progress is to be ensured in improving work quality, improving the combination of various operating cycles, and reducing losses, in particular through comprehensive application of microelectronics. In line with the differentiated market demands, complex solutions are to be flexibly produced and offered--on the basis of both automotive and drawn machinery. Development and production of tractors is to be adjusted to different classes of capacity and to the expansion of varieties. Above-average growth rates are to be achieved in the production of spare parts.

As far as subcontractor products are concerned, development and introduction into production of new products with decisively improved performance parameters is to be ensured at a degree of production renewal of 30 to 40 percent, and the raising of the technological level of the production of subcontractor products is to be accelerated through the development of flexible automated manufacturing, while further standardizing and unifying individual parts and component parts. In the area of machine building this applies to subcontractor products such as gears and couplings, pumps and compressors, cast iron ware, instruments, hydraulic and pneumatic component parts, tools, roller bearings, and standard parts. In the area of electrical engineering and electronics, new devices of measuring, checking and sensor technology with annual growth rates of 5 to 8 percent are to be developed and produced. In the metal-working industry, the production of component parts and subcontractor parts is to be further increased in support of in-house production of rationalization means in one's own area and in the other sectors of the national economy.

The supply of spare parts is to be ensured in the required ranges and at the required date in line with domestic demand and the demands of export.

The scope of processing machinery and machine tools that have to be modernized in the sector of the metal-working industry is to be tripled compared with the 1981-1985 period. For this purpose, further facilities for modernization are to be created, the range of modernization records that can be used as a model has to be expanded, and the volume of standardized component parts and modernization modules is to be raised. For selected machinery and equipment modernization must be organized on an industrial scale.

4. Development of the Production of Industrial Consumer Goods

The production and supply of high-quality consumer goods are to be ensured as a task determining the profile of goods in all sectors of the national economy in such a way that the population's increasing demand for quantity and quality can be increasingly better met. To this end, the production of industrial consumer goods for supply to the population, social institutions, and export is to be increased to 131 percent by 1990. Ambitious tasks for this purpose have to be posed to the researchers and developers, in particular in the FDJ youth research collectives.

It is a priority to increase production of entertainment electronics, labor-saving household appliances, home furnishing products, fashionable clothes, sports and leisure articles, and products suitable for the specific interests and needs of young people and children, and to supply these products in the required quality, ranges, and in line with seasonal demand.

By 1990 production of important consumer goods is to be increased to the following amounts:

<u>Product</u>	<u>Measuring unit</u>	<u>1990</u>
Color television sets	1,000 units	600
Radio sets	Million marks	916
Storage water heaters		
--for gas	1,000 units	103
--for electricity	1,000 units	676.4
Private cars	1,000 units	More than 240
Motorcycles	1,000 units	95
Tires for passenger cars (including retreads)	1,000 units	7,135
Ready-made outerwear		
--for men	1,000 units	17,635
--for women	1,000 units	21,845
Furniture and upholstered goods	industrial sales price	8,928
Toys	Million marks industrial sales price	1,588

On the basis of the comprehensive refinement of domestic raw materials, the increasing application of key technologies, and high economic results, high-quality and attractive consumer goods, which are of a high standard in quality, utility value, and design, are easy to operate, and meet the demand of the population and of export, have to be produced as a priority in all areas of the national economy.

In consumer goods production, 30 to 40 percent of products are to be renewed per year, including 70 percent of the ranges for youth fashion.

By 1990, the production of newly developed consumer goods is to be raised to 145 percent compared with 1985. By newly developing consumer goods as well as technologies and processes for their production, a further decisive reduction of unit input of material, energy, and water, an improvement of the input-output ratio, and the high requirements as regards utility value, quality, and national economic profitability are to be consistently enforced. Modern industrial design is to be applied on a large scale.

The capacity of the traditional consumer goods combines and enterprises is to be purposefully developed through modernization and renovation on the basis of the latest technological solutions.

Focal points of development in light industry are further increasing the production of cotton yarns, worsted and textile coverings, rationalizing the processes for production preparation in the cutting departments, and rationalizing the sewing and assembly processes in the area of readymade clothes. Fashionable clothes ranges are to be produced and supplied, in line with seasonal demand, and in all size and price categories.

As far as consumer goods of the glass, ceramics, and paper industries are concerned, there must be a qualitative improvement of the product structure as well as an expansion and completion of ranges, in particular with regard to household china, drinking glasses, and wallpapers--in line with the increasing demand of the population and export.

In the wood products and fancy goods industries, production is to be raised to 125 percent. Through higher refinement of wood materials the ranges of basic models are to be expanded, the ranges in general are to be made more differentiated, and quality is to be raised and secured in all sectors.

In the bezirk-administered industry production is to be raised to 125 percent on the basis of consolidating the combines. The bezirk-administered combines have to accept a high responsibility for the production of attractive consumer goods, in particular as far as basic goods and the ranges of everyday necessities is concerned.

In the combines that mainly manufacture producer goods, the level and speed of scientific-technological work for consumer goods production are to be raised. High-quality image-creating industrial consumer goods are to be further developed as main production lines in special departments or enterprises and a wide range of products in high demand are to be produced economically and in large numbers.

5. Development of the Construction Sector

The construction sector must ensure that the planned building tasks to strengthen the national economy's material-technical base are carried out and that the housing program continues to be carried out in a combination of new construction, reconstruction, modernization, and maintenance by means of comprehensive intensification and socialist rationalization, as well as by increasing the economic effect of science and technology. Management, planning, and organization of the processes of production and building are to be adapted to the changing structure of national economic demand and to a high, stable growth of performance and productivity in the construction sector, with a reduction of input of material, energy, and transportation, in particular by the application of the best achievements in the economy.

By 1990 building output of the national economy is to be increased to 116.2 percent with an above-average rise in the share of building repairs; output in the sphere of the Ministry of Construction is to go up to 118.2 percent. Net output in the sphere of the Ministry of Construction is to be increased to 131 percent.

In the sphere of the Ministry of Construction labor productivity is to be raised to 131 percent on the basis of net output. Unit input in building concerning new investment projects of the national economy is to be reduced by 10 percent by 1990. Construction time is to be shortened by 15 percent with the help of state norm targets for construction time.

In the consistent continuation of the housing program, complexity is to be further increased through scheduled completion of apartments and communal facilities.

The accelerated continuation of housing construction and of the other building tasks for the further shaping of the GDR's capital city Berlin as a political, economic, scientific, and intellectual-cultural center is to be guaranteed with the support of all bezirks, in particular within the framework of the Central Youth Project "FDJ Initiative Berlin." Architectural and technical preparation for industrial construction, communal building, and for modernization and maintenance is to be considerably improved. Within the framework of building performances for investments the share for reconstruction and modernization is to be further increased. Together with those commissioning the buildings, the building enterprises, and the enterprises supplying the equipment good conditions for concentrated and continuous building are to be created and thus for the full utilization of worktime and building technology in multi-shift work.

In the kreis-administered construction sector, the scope and speed of modernization and building repairs are to be further accelerated on the basis of regional development plans. Through comprehensive application of scientific-technological results, the intensified in-house production of rationalization means, the tapping of local material reserves, and the reduction of unjustified differences in performance levels, labor productivity in the kreis-administered construction sector is to be further raised.

The development of the building-material industry and the prefabrication industry is to be consistently directed toward the supply of building materials and prefabricated building elements to the national economy, the population, and export in the required amounts and quality.

6. Development of Agriculture and Foodstuffs Industry

In agriculture and the foodstuffs industry a further increase in production and efficiency is to be achieved by means of comprehensive intensification in order to ensure a stable, steadily improving supply of high-quality food to the population and of agricultural raw materials to industry and to further improve the working and living conditions in the villages.

In order to solve this task, the considerable potentials of cooperative property are to be utilized more effectively. Deepening the relations of cooperation between the LPG's and state farms is to be aimed at intensification of agricultural production and at the steadily improving utilization of all reserves in the soil-plant-animal cycle.

The initiatives of the cooperative peasants and workers are to be directed at comprehensively making effective the scientific-technological progress in connection with the experiences of the peasants and a higher quality of work for increasing per-hectare yields and the performances per animal, while at the same time improving the input-output ratio. For this purpose it is mainly necessary to tap more and more comprehensively natural forces, biological growth factors, and new producer goods on the basis of microelectronics, biotechnology, and other scientific-technological innovations.

Intensification of crop production is to be continued as a priority task at an accelerated rate in order to stabilize and develop yields in all cultures. The soil, as the main producer good of agriculture, is to be utilized completely and efficiently. Through comprehensive application of the intensification factors, its fertility is to be steadily increased. At the same time further reserves for increasing the performance level are to be tapped by coming to terms with unjustified differences.

By 1990 the total yield of crop production is to be raised to 50.7 decitons of grain units per hectare of agriculturally usable land. By 1990 the per-hectare yield of grain has to be increased to 46 decitons, that of potatoes to 250 decitons, and that of sugar beet to 370 decitons. On this basis a grain output of 11.9 million tons has to be reached by 1990, and in-house production of high-quality concentrated fodder for the enterprises' own supply to animals is to be increased.

By 1990 state procurement of fruit has to be ensured at a level of 814 kilotons, and that of vegetables at 1,650 kilotons. Through a continuous supply of fruit and vegetables with the required ranges and quality and by reducing losses in harvesting, storage, preparation, loading, unloading, and processing, high effectiveness in supply is to be attained and the villages' and kreise's own supply is to be expanded.

By 1990 the following state procurement is to be ensured in livestock production:

	Measuring units	1990
Slaughter animals	kilotons	2,635
Milk (4 percent fat content)	kilotons	7,400
Hen's eggs	million units	4,850
Wool	tons	8,760

These tasks are to be primarily fulfilled by raising the output of the animal stock. For this purpose efficient reproduction of the animal stock, improvement of breeding results, and the further reduction of animal losses have to be ensured. To increase the procurement of sheep's wool the necessary preconditions for the development of the stock and of wool output per animal have to be created.

With regard to production of crop and animal products, the initiatives of the members of the Peasants' Mutual Aid Association and of the Union of Small Gardeners, Settlers, and Small Livestock Breeders, and of other small producers, as well as those of the cooperative peasants and workers in their plots are to be actively promoted and comprehensively utilized.

The material-technical basis of agriculture is to be steadily strengthened according to plan. Investments in crop production are to be increasingly concentrated on the modernization of basic assets, the provision of newly developed machinery and equipment to raise the effectiveness of technology and to reduce losses, on storage, the further implementation of the irrigation and drainage program, and on increasing vegetable production. In livestock production, investments are to be consistently directed toward rationalization and reconstruction of sheds. The acceptance and carrying-through of youth projects, in particular for irrigation, grain harvesting, in the "Livestock Production" FDJ initiative and the "Economical Use of Fodder" FDJ campaign, as well as in rationalization and reconstruction of sheds are to be promoted.

In the foodstuffs industry, agricultural raw materials are to be processed with the lowest-possible losses and the highest-possible efficiency. In doing this the degree of refinement of agricultural raw materials is to be further raised. The stable daily supply is to be steadily improved through new product ranges and increasing quality of goods.

The foodstuffs industry has to continuously guarantee the population's supply of high-quality essential and nonessential foodstuffs and beverages in line with demand. To this end, a wide range of high-quality products in line with the population's demand is to be supplied through refinement of domestic agricultural raw materials.

For the region's own supply of basic goods, all facilities, including those of the crafts, have to be used and expanded. The available basic assets, mainly in the production of rectified malt and spirit and in oil-seed processing, are to be modernized and rationalized for comprehensive production intensification.

Through this, new basic technologies, such as biotechnology, extruder technology, and fluidized solids technique, are to be introduced into production.

In oceangoing and coastal fishing a higher degree of exploitation of the raw material fish is to be ensured through modern fishing methods, and further improvement of the available fish and fishery goods is to be secured through step-by-step renewal of the fishing fleet and through efficient methods of industrial fish breeding in coastal and inland waters.

7. Development of the Transportation Sector and of the Post and Telecommunications System

The transportation sector has to reliably fulfill the transportation tasks of the national economy with a decreasing transportation input.

In passenger traffic, the quality and reliability of the services within commuter, students, and tourist traffic have to be raised. With regard to transportation, the development of new residential and industrial areas, in particular in the GDR's capital city, Berlin, is to be carried out mainly by using electric means of transportation. The throughflow capacity [durchlassfaehigkeit] at heavily frequented city traffic intersections is to be increased by using microcomputer-based, traffic-related control systems. In goods transportation, making transportation optimal and establishing computer-based production-transportation chains in all economic sectors is to be continued with the aim of reducing transportation input by an annual average of 3.2 percent.

The national economically justified transportation requirements must be reliably implemented by the transportation system by way of economical transportation technologies, the further transfer of road transportation to more energy-saving means of transport, such as the railroads and inland navigation, and with decreasing unit input of power, material, working time, and cost.

The capacity, in particular of the railroads and inland navigation, is to be raised. In order to rationalize the national economic transportation processes, transportation by means of containers and pallets is to be further developed. Through the application of modern key technologies, in particular of micro-electronics and robot technology, the transportation sector's own contribution to the rationalization of transportation and to strengthening the material-technical basis is to be increased.

By electrifying another 1,500 km of main railroad tracks, the preconditions are to be created for boosting the share of performance achieved by electric trains to 60 percent by 1990. The measures to increase the stability and throughflow capacity of the main railroad lines and switching stations are to be continued at an accelerated pace. The "Electrification of Railroad Lines" Central Youth Project is to be continued.

The transportation output of inland navigation is to be increased by 7 million tons by 1990. In the seaports loading and unloading performance is to be raised to 113.5 percent. In line with the increasing requirements of the GDR's foreign trade, performances in border-crossing automotive traffic, oceangoing

traffic, and harbor turnover are to be developed. The share of public automotive transportation of goods by road must be increased by taking over additional transportation of goods for delivery or of ordered goods from company transport. The use of vehicles in public automotive transportation and company transport is to be made more efficient through improvement and development of the application of complex, computer-based coordination systems. In order to ensure safe and smooth traffic, maintenance of roads and bridges is to be carried out more effectively and efficiently through the concentrated use and uniform management of repair facilities. Vehicle maintenance services for the population are to be increased by an annual average of 9.4 percent by 1990.

In the post and telecommunications sector, performances are to be raised to 115 percent by 1990. At least 300,000 main telephone hookups, including 100,000 in the GDR's capital Berlin, are to be established and the possibilities of using public pay-phones for direct dialing are to be expanded. The capacity of the telephone networks is to be increased according to plan by the application of microelectronics, beam waveguide technology, as well as electronic exchange and transmission technology. The step-by-step development of the automated data network has to create the preconditions for an efficient utilization of modern computer technology.

The quality of postal services is to be increased through rationalization measures within enterprises. Larger post offices are to be equipped with counter terminals.

Reception possibilities for the GDR's radio and television programs are to be expanded through modernization and reconstruction of the transmitters.

8. Development of Environmental Protection and Water Management

In the interest of a constant improvement of the citizens' working and living conditions and of an effective national economy, the measures for protection of the natural environment must be closely linked with the extraction of secondary raw materials, the economical use of power and water, and the rational utilization of the other natural resources through the application of new scientific-technical findings. For this purpose, low waste production procedures must be introduced on a priority basis in the power industry, the metal and chemical industries, the cellulose and paper industries, agriculture, and the foodstuffs industry. At the same time, the facilities for extracting valuable materials and for containing harmful agents must be enhanced through rationalization and expansion. Desulfurization of flue gas must be combined with the recovery of valuable materials and with the enhancement of the output of power. The harmless removal of waste products that cannot be used for industrial purposes must be ensured. Closed garbage dumps and former mining areas must be recultivated in a planned manner and must be devoted to agricultural or forestry on a priority basis. Measures to reduce noise must be primarily carried out in the residential centers of congested areas. With the support of a broad initiative from the citizens, the successful work of caring for and fashioning the environment and for the protection of plant and animal species whose existence is threatened must be continued.

Water management must safeguard a stable, high quality supply of potable water to the populace and of industrial water for industry and agriculture. The protection of water bodies and the treatment of waste water must be further improved in all sectors of the national economy.

The rational use of water must be achieved, with the objective of basically ensuring the national economic reproduction process with constant quantities of water. The availability of water resources and the capacity of the works and plants for potable water supplies and waste water treatment must be further increased through a comprehensive intensification and rationalization, particularly through the application of science and technology, and preventive maintenance must be considerably expanded through increases in labor productivity. Water supplies and waste water treatment for the apartment building program must be ensured on a priority basis. Links with the central potable water supply system must be built for an additional 900,000 citizens; at the same time, connections with waste water removal and treatment plants for 400,000 citizens must be built.

IV. Further Development of the Material and Intellectual-Cultural Living Standard of the People

The tasks related to the further improvement of the material and intellectual-cultural living standard of the populace must be aimed at further consolidating the citizens' social security and safety conditions, at increasingly meeting the differentiated demands of the citizens, and at encouraging the shaping of socialist ways of thought and action. Thus, the working peoples' readiness for performance is to be effectively supported.

1. The apartment building program, as the essential item of social policy, must be continued so that the housing problem, as a social issue, is solved by 1990 in the GDR. In the period between 1986-1990 a total of 1,064,000 apartments, chiefly for workers and families with several children as well as for newly wed couples, will be built or modernized. The accelerated pace of apartment construction in the GDR capital of Berlin must be continued and, as a result, the living and housing conditions for another 440,000 citizens are to be improved.

In building more than 591,000 new apartments, the stock of apartments must be enlarged in those places where this is necessary for sociopolitical reasons and because of the development of the productive forces in industry and agriculture. First and foremost, developed areas inside towns and villages should be used for the building of new apartments.

In the GDR it is envisaged that 42-45 percent of the new apartments are to be built by workers' building cooperatives and that some 10 percent are to be built as owner-occupied houses. A total of 80,000 apartments, 3,000 to 35,000 of this being new apartments, are to be erected by agricultural building facilities for cooperative peasants and agricultural and forestry workers.

Supplies and services in residential areas must be ensured through the building of new and the reconstruction of existing communal facilities, particularly schools, school sports gymnasiums, kindergartens, nurseries, mess halls for students, youth club institutions, polyclinics, out-patient clinics, and sales outlets within the framework of the state expenditure norms.

The stock of existing apartments must be used more intensively. The quality of the apartments and residential houses must be purposefully improved through more intensive maintenance, repair, and modernization. The FDJ project of completing a minimum of 100,000 apartments by 1990 within the framework of its "rebuilt and developed" drive, must be comprehensively supported.

The enterprises' contributions for repairs of residential buildings shall be increased up to 135.4 percent compared with 1985 on the basis of another increase in the output of the kreis-administered building industry.

2. The working and living conditions of the working people in the combines, enterprises, institutions, and cooperatives must be further improved according to plan through the application of new scientific-technical findings and the scientific organization of labor. The restructuring of work places having a high proportion of physically heavy, manual, and monotonous work as well as improving the conditions for shift work are the main points of emphasis in this context. Further performance reserves must be tapped through an intensified application of the scientific organization of labor to auxiliary production processes, to the preparation of production, and to management and administration. The executives in the combines and enterprises will ensure that in cases of round-the-clock shift work, the shift schedules are so shaped in agreement with the labor collectives that an effective utilization of the basic assets is safeguarded and that, effective in 1987, shift workers receive for work performed on mid-week holidays the same time off as do those working people who are only working single shifts.

In the 1986-1990 period 1.3 million work places must be restructured or established in accordance with the plan in industry, the building industry, and in transport, the postal and telecommunications services, agriculture, forestry, and the foodstuffs industry in order to create for the working people better preconditions for enhancing their own performance and for a more effective utilization of their work experience. In doing so, heavy working conditions that still exist for a total of 450,000 working people must be eliminated.

Measures must be defined and consistently implemented to prevent shop accidents, vocational illnesses, other work-related damage to health, and breakdowns; to combat noise and harmful agents; and to enhance protection against fires and catastrophes.

In the catering for services for workers and in feeding children and pupils, efforts must be focused above all on a durable, qualitative improvement on the basis of the achieved supply standard. The material prerequisites for caring for the working people must be further improved. Measures must be stipulated to make commuter traffic and the quality of mess hall meals and supplies of commodities and services better meet the requirements of shift work.

The social and health care as well as the intellectual-cultural and sports care for the working people in the enterprises, institutions, and cooperatives must be further developed in line with the plan. The working and living conditions of shift workers and of working mothers must be improved on a priority basis.

3. In the 1986-1990 period an average 4 percent annual increase in the per capita real income of the populace is to be taken as a basis for the comprehensive expression of the development of the material and cultural living standard of the population.

The population's net receipts are to rise 4 percent annually on average in order to stimulate high performances.

Income policy must be even more strongly aimed at bringing fully to bear the stimulating effect of the socialist performance principle "from each according to his ability, to each according to his work" on furthering economic and social progress, on enhancing labor productivity and the socialist attitude to work and social property, and on ensuring high labor discipline and morality.

The proven principle that every wage increase must be based on higher performances will also be implemented in the future. High creative performances by the working people for the achievement of maximum scientific-technical performances as well as the user of basic assets in multi-shift work must be particularly recognized as a high personal contribution to national economic efficiency.

The incomes of cooperative farmers and of the other working people shall also rise in line with the plan as a result of the qualitative and quantitative development of performance.

Retail trade turnover in the 1986-1990 period is to be increased 4 percent annually on average in further improving supplies of consumer goods to the populace.

In this context, supplies of industrial goods are to be increased by an average of 5.3 percent annually and those of foodstuffs and nonessential foodstuffs, beverages, and smoking materials by an annual average of 2.7 percent.

Supplies to the populace of daily consumer goods, first and foremost of basic foodstuffs, goods for children, the "1,000 little things," assortment, spares accessories, and other important products of basic demand must be ensured in a stable and reliable manner.

The proven policy of stable consumer prices for essential goods as well as of stable rents, rates, and services is to be continued in the 1986-1990 period in line with the plan. The development and manufacture of products for which there is great demand must be substantially accelerated in all price groups and in various design variants.

The production and supply of consumer goods must be so developed in line with the changing requirements and differentiated demand that they meet the higher demands on utility value, technical standard, attractiveness, and fashionableness. This applies above all to clothing products, including fashions for young people, entertainment electronics, household products, and products required for the home, leisure time, and homeworkers.

On the basis of growing demand and in keeping with stable basic supplies the production and supply of exquisite and delicate products must be further increased to meet the demanding tasks related to the modernization of assortment.

The capacity and quality of trading activities must be considerably enhanced. Further time-saving shopping facilities must be created chiefly through reconstruction and rationalization as well as through an effective sales organization. The standard of services and the counseling of customers must be improved. At the same time, the trading facilities must be made more attractive.

Greater significance must be attached to stepping up the performance and standard of restaurants and hotels and to supplies in the excursion and recreational areas, including the institutions for childrens' vacations.

The productivity and efficiency of the transportation, turnover, and storage procedures must be increased through a comprehensive intensification of the material-technical base, through an intensified application of science and technology, particularly of modern key technologies, and through full utilization of the social labor potential. The facilities for maintenance and the manufacture of rationalization means must be expanded by 17 percent annually on the average.

In the 1986-1990 period services and repairs for the populace must be stepped up by an average of 5.1 percent annually, 9.4 percent being for automobile repairs.

Through the further increase in the capacity of the state-owned service enterprises as well as through the encouragement of production cooperatives and private crafts, the offering of services must be substantially boosted with respect to both quality and variety in keeping with the demands of populace.

In the cleaning of textiles the differences in the standard of services must be further reduced and short delivery deadlines must be ensured. Services for the maintenance and modernization of technical consumer goods must be intensified. Services such as footwear repairs, photographic services, and repairs to furniture and upholstered goods must be further developed on a priority basis in keeping with popular demand.

New, attractive services must be developed and offered, above all, in the GDR capital Berlin, in the bezirk and kreis towns, and in the workers centers.

Municipal services must be so shaped that the requirements of environmental protection, cleanliness, hygiene, and order in the towns and communities are met.

The steady and harmless removal of solid and liquid household waste must be tangibly improved. The material-technical conditions of technical city equipment must be further improved for this purpose.

4. The further fashioning of the developed socialist society requires that the education system be further developed to a high level and that its advantages be shaped even more comprehensively and brought to bear in order to perfect the communist education of youth, their appropriate preparation for life and, above all, for work in our socialist society.

Perfecting socialist general education is at the center of public education.

Shaping the content and standard of education is aimed at safeguarding the forming of solid and promising foundations from the viewpoint of the development of the national economy, of mastering the scientific-technical revolution, of culture and all other sectors of society, and of the requirements linked with all this, for comprehensive development of the personality and for the communist education of the students.

The level of the entire education and training work and the quality of teaching must be purposefully enhanced; the polytechnical nature of the secondary school must be fashioned further. This requires safeguarding the high quality of the training of teachers and their constant advanced training.

Care for, the education of, and the preparation for school in a kindergarten are guaranteed to all children whose parents so desire.

In the 1986-1990 period 10,661 classrooms, 740 school gymnasiums, and 105,015 kindergarten slots must be created through construction and reconstruction.

In professional training the training and education of 918,000 young qualified skilled workers must be ensured for all sectors of the national economy in the required professions and proportions, including some 53,000 workers with a completed secondary school education. Conducting the socialist professional competition must be further qualified in line with the new requirements. Recruitment for the military professions must be ensured.

Proceeding from the requirements for achieving scientific-technical top levels, new teaching schedules must be introduced for all skilled workers' trades up to 1990. Computer studios must be gradually set up at the vocational schools.

The FDJ must be supported in asserting its sponsorship over the information training of apprentices.

The quality and effectiveness of vocational counseling must be further enhanced. The planning for a young generation of skilled workers must be carried out in all enterprises with a lead time of 5 years.

To develop the material-technical conditions for vocational training, 538 classrooms, 4,787 slots in apprentices' hostels, and 38 school gymnasiums must be created through new construction or reconstruction.

The combines and enterprises must ensure the advanced training of skilled workers and foremen in mastering modern technical equipment and technology in a foresighted manner. Required additional qualifications must be provided more intensively. Mandatory advanced training must be gradually introduced for certain professional groups.

The training of students in colleges and technical schools must be further developed to ensure that the assimilation of well-founded knowledge which agrees with progressive scientific findings and meets the perspective social requirements, proceeds in parallel with a thorough political and ideological education on the basis of Marxism-Leninism.

The stormy development of science and technology and their application in the national economy requires the creation of the necessary education lead at the colleges and technical schools. For this purpose the tasks related to reforming the training and advanced training of engineers and economists, technicians, and managers must be purposefully accomplished up to 1990.

Basic research in colleges must be concentrated on the comprehensive development and introduction of key technologies such as microelectronics, computer-based planning and design, the preparation of production and production control, robot technology, flexible automation, and the refinement of materials and biotechnology.

Relations between the universities and colleges and the combines must be comprehensively expanded on the basis of economic contracts. These contracts must aim at the requirements of the economic and technical-technological development of the combines and, at the same time, must serve the purpose of a basic research which is foresighted and has a long-term basis.

The offer of advanced training opportunities by the colleges and technical schools for modern key technologies must be expanded.

The technical facilities, special laboratories, and CAD/CAM centers set up at the universities and technical schools together with the combines must be used even more effectively. Additional technical facilities and CAD/CAM centers must be set up together with practical partners and must also be used for training purposes.

In the 1986-1990 period 12,765 slots in auditoriums, seminars, and workplaces and 5,181 slots in rooming houses must either be created or reconstructed.

5. In the health and social sector increasing quality and efficiency of work as well as continuing to develop preventive health care and industrial health and safety standards are to be placed in the forefront as a task of all society.

Efforts are to be concentrated on safeguarding basic out-patient and in-patient medical care for all citizens at a high level. Here out-patient medical care, in particular in general medicine, pediatrics, neurology/psychiatry, and gynecology/obstetrics, is to be considerably improved and medical care by dentists is to be further developed.

In all health care facilities scientific life is to be developed, the qualification of the staff and their use according to their qualifications are to be ensured, and medical achievements are to be tapped purposefully for the benefit of the citizens.

In medical research the level, speed, and potential, in particular of biomedical basic research and clinical research, are to be increased. The personnel and material-technical conditions for medical research as well as for basic and advanced training are to be improved according to plan.

Especially in areas of new construction and inner-city areas of reconstruction, out-patient medical care is to be improved by creating 2,700 workplaces for doctors and dentists, mainly in polyclinics and out-patient clinics.

New construction of the hospitals in Magdeburg-Olvenstedt and Berlin-Marzahn is to be concluded. In the GDR capital Berlin, the reconstruction of the Charite medical institution is to be completed and the reconstruction of the Berlin-Buch clinic, the Wilhelm-Griesinger hospital, and the hospitals in Berlin-Kaulsdorf and Berlin-Weissensee is to be continued.

By 1990, 45,600 places in nurseries and 18,700 places in old people's homes and nursing homes are to be newly created or renovated.

The quality of conditions for the working people's recreation are to be further improved, mainly by renovating and modernizing the existing recreational facilities. By putting into service new FDGB recreation homes on the Baltic Sea, in Tabarz, and Oberhof, and by tapping further reserves, the number of annual vacation trips to facilities of the holiday program of the trade unions and the enterprises is to be increased to 5.2 million trips per year by 1990.

Through renovation, modernization, and expansion of existing youth-tourism and youth-club facilities, conditions for the young people's leisure activities are to be further improved. Focal points are the new construction of a leisure center in the "Am Scharmuetzelsee" youth recreation center, the completion of the "Schloss Eckberg" youth tourism hotel in Dresden, and the building of a youth hostel in Rostock.

The number of overnight stays booked through the "Jugendtourist" FDJ travel agency is to be increased to 6 million. Tourism to foreign countries, in particular the exchange of youth travel groups with the USSR and other socialist countries, is to be promoted according to plan.

In the youth tourism institutions 1,500 places that can be used throughout the year and 5,000 places just for the tourist season are to be newly created. By 1990, 143 youth club facilities with 18,000 places are to be built within the framework of comprehensive housing construction; using agricultural facilities, 191 youth club facilities with 14,200 places are to be newly created.

The possibilities for regularly holding high-level dancing events, in particular for young people, are to be expanded.

Within the framework of the "FDJ Berlin Initiative" Central Youth Project, the "Artur Becker" House of Youth is to be built in the GDR's capital city Berlin within the 1986-1990 period.

Through renovation and modernization, the material conditions for Thaelmann pioneers and FDJ members when they stay in central pioneer camps are to be further improved by 1990.

The capacity of these camps is to be raised to 39,700 places per stay.

Within the 1986-1990 period another 1,620 places are to be made usable throughout the year. In Gera Bezirk a central pioneer camp with 600 places, including 400 places for the whole year, has to be constructed. The "Choibalsan" central pioneer camp in Werder/Petzow, the "Mathias Thesen" camp in Boltenhagen, the "Aleksey Maresyev" camp in Markgrafeneheide, and the "Hermann Duncker" camp in Glowe/Ruegen are to be comprehensively renovated by 1990.

The further development of physical culture and sports is to be directed at comprehensively developing their mass character and at increasing their efficiency.

The effects of physical culture and sports on the development of the personality, on the shaping of the socialist way of life, on social relations, and on meaningful leisure activities are to be further raised.

For this purpose exercises, training, and competitions are to be further improved as an effective form of regular athletic activity. Sports for children and adolescents, the Spartakiad movement, and the work of the Society for Sports and Technology are to be promoted.

The available facilities and opportunities are to be utilized more efficiently; through renovation, modernization, and expansion the material-technical base for physical culture and sports is to be improved; the supply of sports equipment is to be further raised.

By systematically promoting competitive sports in general and competitive sports for the young generation, purposefully developing sports science and sports medicine, as well as improving the material-technical conditions for training and competitions according to plan, the efforts to achieve record athletic performances are to be more and more effectively supported, and the success of our

athletes in the Olympic Games, world and European championships, and at other major international meetings is to be ensured. The latest findings of science and technology are to be comprehensively utilized to this end.

With socialist culture and arts the development of personality, creativity, and meaningful leisure activities of the working people are to be promoted even more intensively. The socialist-realistic artistic work is to be enriched by new works of literature and arts, which contribute to the further development of the socialist way of life, ethical attitudes, and behavioral patterns.

By preserving a rich intellectual-cultural life in the cities and villages, the increasing demands on quality and effectiveness have to be met better and better. Here, it is particularly necessary to further increase the cultural level of the workers class and to develop the cultural life of the young people. All appropriate facilities are to be utilized more effectively for the development of the intellectual-cultural life.

Through renovation and modernization measures the existing material basis of culture is to be further improved. Step by step the institutions for cultural leisure activities in the large areas of new buildings and in the centers of the workers class have to be established.

At the universities and technical schools, musical schools, and cultural vocational schools the conditions for training and staying in a boarding school have to be modernized or expanded.

With the conclusion of work at the Platz der Akademie and the start of reconstruction on the Museum Island, including the reconstruction of the New Museum in the GDR's capital Berlin, as well as the preservation of the building substance of the Dresden Palace, another important contribution to cultivating and preserving buildings and building complexes that are valuable from a cultural and historical point of view is being made.

In Berlin it is planned to erect the Winter Garden and in Erfurt and Halle cultural houses are to be built.

The Leipzig commission and wholesale book trade and the German Film Corporation (DEFA) studios are to be reconstructed; the Peasant War Memorial in Bad Frankenhausen is to be completed. The supply of musical instruments, accessories, and spare parts, as well as of products needed by artists is to be improved. The range of books and brochures, records, and music cassettes is to be further improved and assured with high quality.

The effectiveness of radio and television is to be further raised by a qualitatively improved program policy in order to better meet the needs of the millions of listeners and viewers for information, education, and diverse entertainment. Particular attention is to be paid to the further development of television programs for children and adolescents. Radio programs for young people and the programs of some regional radio stations must be expanded.

V. Development of Socialist Economic Integration and Foreign Trade

In implementation of the decisions of the economic talks of the CEMA member-states at the highest level, the economic and scientific-technological cooperation with the USSR and the other fraternal countries is to be further deepened and the unity and cohesion of the socialist community is to be further consolidated. With the realization of the "Comprehensive Program for Scientific and Technological Progress of the CEMA Member-states Through the Year 2000" cooperation on a contractual basis is to be concentrated on the accelerated development and economic utilization of the key technologies. In the decisive areas top achievements and economically usable results are to be reached within a short period.

The advantages of international socialist division of labor are to be effectively utilized for the GDR's national economy in order to raise efficiency, strengthen the economic potential, speedily increase labor productivity, and economically use and save all kinds of resources.

Of fundamental importance for the further stable socioeconomic development of the GDR and the acceleration of intensification is the comprehensive deepening of the long-term economic and scientific-technological cooperation with the USSR on the basis of the "Long-Term Program of the Development of Cooperation Between the GDR and the USSR in the Areas of Science, Technology, and Production for the Period up to the Year 2000" in order to achieve high economic efficiency in this way. For this purpose production specialization and cooperation, in particular in machine-building, electrical engineering and electronics, are to be deepened and--proceeding from the demands of the scientific-technological revolution--the coordinated development and start of the production of new products, machinery, equipment, and equipment systems with a high degree of refinement are to be put into the foreground. With the development of direct relations between combines, enterprises, and associations an effective contribution to finding the most efficient solutions for the agreed tasks is to be made.

On the basis of the concluded agreements, effective lines of specialization and cooperation with other socialist countries are to be continued and expanded, the growth of mutual goods exchange is to be raised, and conditions for an active participation in new integration measures with high economic benefit are to be created. To this end, the division of labor is to be adjusted more strongly to the basically new processes in science, technology, and production and are to be shaped in such a way that it is possible to react in time and flexibly to changes in demand.

Through dynamic development of the GDR's foreign trade relations with the USSR and the other socialist countries the scientific-technological progress is to be effectively supported. Goods exchange with the countries of the socialist economic area must be increasingly borne by new products, which help to determine the scientific-technological top standard and have a high degree of refinement. For this purpose, the combines of machine-building, electrical engineering, and electronics have to increase--mainly for exports to the USSR

and the other socialist countries--in particular the supply of products of microelectronics, robot and automation technology, data and information processing, biotechnology, and of modern high-capacity machinery and equipment, especially for producing and transporting raw materials and fuels and for renovating existing plants.

The stable bases established with the coordination of the national economic plans and with the long-term trade agreements for the 1986-1990 period are to be utilized in all areas in order to create the necessary preconditions for the planned purchase of raw materials and fuels by consistently adjusting to the demands of the partner countries.

With the plans and balance sheets the necessary preconditions for fulfilling the agreed obligations in accordance with the contracts at all levels of the GDR's national economy. High discipline in fulfilling the existing contracts in line with the required quantity, quality, and at the required date has to be enforced.

On the firm foundation of the stable political and economic relations with the USSR and the other socialist countries, economic and trade relations with the countries of the non-socialist economic area are to be expanded on the basis of equal rights and mutual benefit. With this a contribution to consolidating the material basis of the policy of peace and international detente is to be made.

The GDR's foreign trade relations with the developing countries are to be expanded on the basis of equality and mutual benefit to further deepen the economic and scientific-technological cooperation. In doing this we have to link the GDR's economic benefit with effectively supporting these countries in the development of their national economy. New tendencies and conditions in the development of these countries, such as tapping raw material resources, electricity production, development of agriculture and infrastructure, as well as renovating existing production facilities, have to be increasingly taken into consideration and thus such forms of economic relations as industrial cooperation, assembly production, consulting and engineering services, have to be developed.

Proceeding from the stable political, economic, and scientific-technological cooperation with the USSR and the other socialist countries, the GDR's goods exchange with the capitalist countries has to be developed on the basis of equality and mutual benefit.

The combines have to make all possible efforts to expand the market positions achieved to date through higher supply of profitable products with a high scientific-technological standard. In this connection particular responsibility goes to the combines and enterprises of the metal-working industry. The quality and efficiency of commercial work are to be improved. A high level of service for customers and of supply of spare parts in line with the international level is to be guaranteed.

VI. Tasks of the Bezirk, Kreis, Town, and Village Councils

Based on the plan, the local state organs must lead the economic, social, and intellectual-cultural development in their sphere of responsibility in a comprehensive way that is close to life and close to the citizens and that aims at the welfare of the working people. The work is primarily to be directed at solving the focal tasks in the areas directly lead by the councils, in particular in the production areas of the bezirk-administered industry, agriculture, the bezirk- and kreis-administered construction sector, trade, and services, and locally managed transportation, as well as in the development of intellectual-cultural life.

By creating most favorable regional conditions for reproduction and by promoting beneficial cooperation relations, the bezirk and kreis councils have to support the development of the combines, enterprises, and cooperatives and thus to contribute to fulfilling and purposefully overfulfilling the plan targets.

The local state organs have to utilize all possibilities of socialist teamwork with the combines, enterprises, cooperatives, and scientific-technological institutions for the development and application of key technologies and the acceleration of the development of labor productivity, for the speedy introduction of scientific-technological results into the production, and safeguarding their high economic efficiency, as well as for the dynamic performance development concerning state plan positions, and in production for exports and of consumer goods. They support the tasks of the enterprises, cooperatives, and institutions to modernize and better utilize the basic assets available in the region and to increase production while at the same time reducing input of energy, raw materials, and other materials.

In close cooperation with enterprises and institutions, the bezirk and kreis councils have to ensure that the social work potential is utilized in a highly effective way to fulfill the plan targets.

The local state organs have to use all possibilities of socialist teamwork in order to fix measures of regional rationalization in the annual plans of the bezirke, kreise, towns, and villages, as well as of the enterprises, cooperatives, and institutions--measures which support production intensification as well as contribute to further improving the citizens' working and living conditions. In doing this it is to be ensured that the targets set are primarily targets contributing to tapping and utilizing new sources of economic growth and serving the fulfillment of overall state and communal policy tasks.

The bezirk and kreis councils ensure that the housing program--in the unity of preserving the housing stock, its modernization and renovation, as well as new construction--is planned and implemented with the best ratio between input and sociopolitical effectiveness. The local state organs must guarantee that the planned funds are efficiently used to further improve the working and living conditions in the towns and villages and that all regional resources are

tapped in socialist teamwork with the combines, enterprises, cooperatives, and institutions, as well as that the citizens' initiatives and their creative participation are promoted and all proposals are taken into consideration. In order to better ensure planning and implementing jointly fixed measures, communal contracts between the individual parties are to be concluded to a higher degree.

The GDR Council of Ministers is charged with guiding the implementation of the 1986-1990 5-Year Plan, which is directed at realizing the decisions of the 11th SED Congress, and with checking on its fulfillment. On the basis of this law the annual national economic plans have to be drawn up, thus ensuring that the targets and tasks of the 1986-1990 5-Year Plan are fulfilled. For this purpose the comprehensive management of processes that are decisive for the national economy is to be improved, work has to be increasingly planned in the long run, and even more effective checks on agreed tasks have to be organized. The central state organs have to fully observe their responsibility in implementing the 1986-1990 5-Year Plan in close cooperation with the combines, enterprises, cooperatives, and institutions.

The GDR People's Chamber turns to the workers, cooperative peasants, members of the intelligentsia, women, young people, and all citizens of the country asking them to achieve high performances in the socialist competition through creative work, national economical thinking, and dedicated actions, in order to fulfill the tasks and targets of the 1986-1990 5-Year Plan in high quality. This is the decisive precondition for the further consistent implementation of the main task in its unity of economic and social policy. With this the working people are making an important contribution to the overall strengthening of the GDR and to safeguarding peace.

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CSO: 2300/124

ARCHITECTS ADDRESS PROBLEM OF RURAL HOUSING, INFRASTRUCTURE

Seminar Highlights Issues

East Berlin ARCHITEKTUR DER DDR in German Vol 35 No 10, Oct 86 p 634

[Article by Prof Heinz Baehr, dr sc. techn., director of the Central Professional Group Rural Construction: "Continued Development of Rural Construction." Seminar of the Central Professional Group Rural Construction of the Association of Architects of the GDR on 24 and 25 April in Erfurt]

[Text] Within the venerable surroundings of the council chambers of Erfurt city hall more than 100 architects and guests of government bodies as well as of social organizations had gathered to discuss the continued development of construction activity in the villages and the possibilities of upgrading organizational elements.

In his welcoming remarks to participants and guests, 2nd Secretary of the Association of Architects Comrade Werner Wachtel characterized the objective of the seminar. An assessment was to be made of the level achieved in rural construction, while at the same time providing orientation as to how the architects could further the continued development of the villages as a joint project. He made reference to the comments made by SED Secretary General Comrade Erich Honecker at the 11th SED Congress, emphasizing the importance of further developing agriculture as a productive part of the national economy, backed by the proven alliance of working class and cooperative farmers. Thriving villages, high yields from fields and stables all are closely related. The objective of our government's policy is to develop the village further as the center of agricultural production and rural life and to eliminate unjustified differences between city and country. The chairman of the Erfurt Bezirole group of the Association of Architects, Prof Walter Nitsch, also extended a cordial welcome to the audience. He commented on good results of construction achievements within the bezirk and pointed out that rural construction is by no means an insignificant component of our overall social development and thus constitutes a contribution to the creative continuation of our party's economic and social policy.

In his main report the chairman of the Central Professional Group addressed the results of a comprehensive analysis which had been performed by the Central Professional Group in preparation for the seminar to identify the development status. From the assessment of the situation conclusions were drawn for future efforts, which were also recorded in work concepts (see overview below).

The village as the locale of agricultural production holds a solid position in our society. The developed territorial structure is largely in keeping with the requirements. One important form of intensification is the effective use of existing housing developments, and the further development and improvement of their infrastructure. Village life must retain its typical character, and social differences between city and country must be abolished.

About 7.2 million citizens live in the villages and small towns with a population of up to 10,000 and 4 million alone in the villages with a population of up to 2,000. There are stable social and economic relationships between the agricultural production typical to villages and the industrial and urban sectors of the immediate vicinity and further out. The mean distance of villages to their county seat is 8.9 kilometers.

One crucial point is rural housing, which is a contributing factor in convincing the young people to settle in the village. Building on the quantitatively good results of the past, it is important that the form especially of one- and two-story multifamily dwellings prevail and, in the case of owned-homes, the row house.

In the case of production structures the integrity of construction must be improved and greater value placed upon conscious incorporation of elements of architectural history. Differentiated use of the individual structural variants is a possibility for rationalization and improved reconciliation of construction supply and demand.

For the complex protection of the individual functional sectors in the villages there exists a particular need to remedy inadequacies in central sewage disposal and treatment system. First of all, existing facilities must be exploited more intensively, but with continued development of the villages this problem must receive more attention.

The overall assessment was that construction activity in the villages was determined in particular by the functional development and construction possibilities. The greatly improved economic strength of the production units in the villages now makes it possible to pay greater attention to building design options and securing them from a material-technological as well as organizational aspect.

One effective work method is the continued development of local design concepts as the basis for planning and particularly the preparation of binding guidelines for the village project in the individual communities.

In his coreport, the director of the agricultural construction department at the Ministry for Agriculture, Forestry and Food Supplies, Comrade Egon Lenk, made an initial assessment, regarding rural construction, of the 11th SED Congress. In order to implement agricultural policy it is further necessary to safeguard the material-technological basis of production and to improve living conditions in the villages. Within the period of the 1986-1990 5-Year-Plan 80,000 residential units are to be erected.

The importance of intensively exploiting local reserves was pointed out (according to § 5 of rural construction ordinance) and also the need to combine to a greater extent repair work with modernization efforts. In some production areas there is an urgent need for modernization in order to improve working conditions. This also makes it possible to save more jobs than to create new ones. The share of construction in the average of capital spending is not to exceed 20 percent.

Civil engineer Wegmershaus from the technical organ Agriculture, Forestry and Food Supplies on the council of Erfurt Bezirole presented an overview of the capital spending preparation and the use of rural construction capabilities in the bezirk. The orientation is towards the enforcement of scientific-technical progress and the realization of technological integration processes. The reconstruction of production facilities combined with the beautification of neighboring villages is regarded to be a desirable goal.

Dr Weinrich from the office of the bezirole architect gave the introduction to the various specific papers on village and construction design. He pointed out that all of the communities in the bezirole have available to them local development concepts, many of remarkable quality, which required a great degree of commitment on the part of the architects during preparation. Another responsibility is the drafting of concepts for environmental planning, which is done in collaboration with the Central Professional Group Landscaping.

Dr Koeppel from the office of the bezirole architect Dresden presented an overview on the most significant elements of building design in the country. With many informative pictures he described positive and negative examples and thus drew attention to future, joint tasks and some vital requirements.

Christel Mueller, graduate engineer, from the council of Brand-Erbisdorf Kreis, analyzed the existing legal regulations for the organization and village--as well as architectural design instructions of construction activity in the villages. It is important to apply meaningfully the existing provisions and authorizations.

Chief engineer Stockmann in his contribution discussed the architectural problems concerning production buildings. He based his report on a critical assessment of the existing situation and described possible improved designs during reconstruction and expansion of facilities.

Engineer Linke from the Institute for Agricultural Structures at the Building Academy of the GDR described the results of owned-home construction in the GDR during the past years and compared these results with the corresponding situation in other European countries. It may be concluded from this that increased owned-home construction is desirable in some districts and greater use must be made of the row house option due to its various advantages.

Discussion of the papers presented concentrated upon the exchange of positive experiences enabling the architects to have a voice in the building activity in the villages. Several critical comments were made with regard to insufficient technical information on the part of decision-makers, which challenges

the improved cooperation of architects with the management bodies in villages and counties. Urban design elements are to be consciously avoided in villages.

The first secretary of the Bezirke executive board Erfurt of the VdGB [Association of Farmers Mutual Assistance], Comrade Reinhardt, in his contribution to the discussion made reference to the objectives of this mass organization active throughout the republic. This revealed many points in common with the responsibilities of the Association of Architects. A coordinated, planned collaboration of the two organizations was considered to be expedient.

In the afternoon of the first day of the conference a field trip was made into the villages of Elxleben and Dachwig, which had been prepared by the colleagues of the Bezirk professional group. This led to lively discussions on the possibilities of putting into practice architectural themes and on the forms of collaboration between architects and local authorities. Especially impressive was the discussion held with the mayor of Dachwig, Comrade Just, because it convincingly illustrated as a formula for success the unity of citizen involvement and wealth of ideas for their own initiatives.

The central seminar will be further evaluated for the work of the Central Professional Group Rural Construction. All of the papers are available at the association's secretariat for more detailed information.

Construction Program Outlined

East Berlin ARCHITEKTUR DER DDR in German Vol 35 No 10, Oct 86 p 635

[Work Concepts of the Association of Architects of the GDR for Continued Development of Rural Construction]

[Text] 1. As a result of the combined effect of numerous initiatives in preparation for the 11th SED Congress, favorable and exemplary results were achieved in the construction activity of the republic. The conclusions drawn from the positive results of orientation toward inner-city construction yield fundamental recommendations for construction in the country as well.

2. In the villages, construction functions and design must be in keeping with the great significance these settlements have as the site of agricultural production and as the citizens' living and recreational space, from which specific requirements are to be derived.

3. In all of the efforts the orientation is towards intensification possibilities. This starts with the preservation of the settlements and the expansion of the infrastructure, and continues by way of reconstruction of production facilities all the way to efficient and esthetic residential and social structures in the villages.

4. Structural design in the villages always concerns the well-being of the entire population, in the areas of production, education, utilities and recreation. These effects have a long-range character. Therefore each measure is an important part of the planned community work by everyone. The

application of legally stipulated regulations and the creative involvement of architects are an indispensable part of it.

5. It is necessary to consider to a greater degree the great significance of village design and architecture for the development of ties with one's homeland and for the identification of the citizens with their settlement when decisions have to be made on capital spending and initiatives. This has to be based on working and living conditions typical to a village as, for example, on the multifaceted community life, the intense involvement with nature and on the agriculturally or nursery-oriented byproducts.

6. Because of the organizational diversity of construction measures and the scarcity of qualified project personnel, developmental progress must mainly be achieved through continued training of all those involved in this process. This concerns, on the one hand, skilled construction people, such as the voluntary members of the national building inspectorate, the active construction workers of the communities and the part-time project planners, and on the other hand, the councils of the communities, the management of the agricultural operations and the leading social organizations in the territory. The Association of Architects of the GDR has the responsibility to lend effective support to this qualification process, especially with the help of activities performed by its *bezirole* and *kreis* groups.

7. In order to upgrade the social rating of village and building design and make it decision-effective in many places, we shall further develop, together with government management bodies and social organizations, the cooperation that has been started and coordinate concrete plans for measures to be taken. One must keep in mind the many possibilities of publicity and public relations, the joint preparation of exemplary building objects, regulating intervention in the supply of building materials and elements and others.

8. The planning and realization of village design concepts has kindled the interest of the citizens in the future of their settlement and initiated creative activities. These concepts have to be further completed. This requires that a definite image for the town design be presented, into which the governmental and cooperative measures and the measures by individuals willing to build can be meaningfully incorporated. The elected officials of the communities, in meeting their functional obligations, must monitor the adherence to the image projected.

9. Villages, production facilities and individual building projects form a solid unit with the landscape. They give the countryside its character, just as the countryside affects the village scene. The primary objective is a harmonious interplay. Therefore, it is recommended

--to refrain from eye-catching predominant structures on open areas and from erecting structures on hillsides and elevations

--to avoid erecting new structures outside of the development sites

--to give special consideration to the village silhouette when determining building heights, roof lines, roofing material, color schemes et al

--to keep views from streets and plazas onto attractive landscape areas unobstructed and also to make fresh use of structural gaps

--to incorporate, as a unifying element between landscape and buildings, the systematic arrangement of trees and shrubs and

--not to permit the arrangement of garden plots to affect the landscape.

10. The buildings in the village must be efficient, economical and eye-pleasing. Infraction of individual components of this complex requirement adversely affects the building utilization overall. Sound construction, impeccable grooming and neatness, inventory expansion as needed and justified measures for new buildings are characteristics that describe the demands of socialist society upon the structures of the village. Therefore, the design aspect should be directed toward the following objectives:

--Clean-cut proportions and divisions are to be given preference. The esthetic unity of the street and village scene is to be ensured, especially existing buildings of previous skilled design capability are to be preserved and incorporated.

--Heights of roof tops and eaves, roof line, overhang and foundations are largely to be adapted to existing structures.

--Broad and asymmetrically divided windows as well as the framing of building openings with ceramic panels and listels are not design features that are typical to villages.

--Continued utilization of existing material is desirable. When remodeling and expanding, the basic structure of the buildings is to be preserved and, where possible, justifiable secondary functions are to be integrated in the expansion project.

--Traditional architectural and decorative elements, natural-stone facings, typical window shapes, exposed beams, wood sidings, slate trimming and other details typical to the locale are to be preserved and newly revitalized.

--Additions take preference to the erection of new auxiliary buildings. It is recommended that this be achieved by extending the building at the gable while retaining eave and ridge lines or else by **extending** the main roof. The clean gable shape is to be preserved.

--To define properties, border enclosures, hedges and picket fences are suitable. Steel mesh or concrete block is less desirable.

11. For new apartment buildings in the villages, two-story structures are suitable because they are in keeping with the lifestyle in the village and make possible a meaningful incorporation and utilization of auxiliary buildings. This also meets the design requirements. As an exception, acceptable sites for three-story buildings may be utilized in the center of larger developments.

12. Condominium construction is gaining increased significance for new residential construction. Under our circumstances, 11 percent was a considerable fraction during the past years.

13. In the case of owner-occupied homes the trend should be toward increased application of efficient building forms, such as duplex and particularly row homes, as is the practice in most socialist countries. For this purpose, effective promotional measures regarding construction organization and materiel plus the complex preparation of suitable sites are to be initiated.

13011/12859
CSO: 2300/54

1987 ECONOMIC REGULATIONS: ENTERPRISE INCOME--EARNINGS AT ENTERPRISES

Enterprise Income Regulation

Budapest FIGYELO in Hungarian 20 Nov 86 p 11

[Text] Regulatory changes that go into effect Jan 1, 1987 with respect to the income of enterprises, are geared to achieve the objectives of the people's economy plan. They tend to increase the income-producing capacity of the economy, to strengthen selective development both in the distribution and the utilization of income, and to harmonize productivity with wages paid by enterprises. In changing the rules it was noted that budgetary restrictions applied during the past several years did not enhance the flexibility of the economy; in fact they exhausted the reserves needed for growth--reserves that could be found in spite of the rigid [regulatory] structure. As a result the [potential] effects of enterprise income regulation upon the economic processes became highly limited.

In making regulatory changes, due consideration has been given to the comprehensive tax reform now in progress. An individual income tax system is being designed, and so is an added value tax system. Together with the developing monetary system and with other economic factors (such as insolvency proceedings and the regulation of new business associations) these may become improved coercive tools that will result in a market-oriented economic structure. It is for this reason that the enterprise income regulations of 1987 do not contain fundamental changes in character. The tax structure and the rate of direct taxes remains unchanged.

Decreasing Number Of [Tax] Advantages

[When implemented,] the changes [will have] moderated or discontinued certain advantages linked to specific industry categories, rather than to specific types of activities. Preferential treatment of selective developmental purposes will have expanded, nevertheless. Certain social service/care purposes also have been taken into consideration. Preferential treatments that were announced as transitional benefits in 1986 have been discontinued. Benefit reductions that had been projected for several years in advance pursuant to a previous Order have gone into effect. In this context the wage

tax benefits of the high rise construction industry and of the international tourism and hospitality industry, and the estate tax benefits of the stone quarrying industry, the technological development enterprises, the Agricultural Supply Enterprises of the Counties of Pest, Nograd and Komarom [Agroker] and of four specialized branches of the textile industry have been discontinued. Similarly, enterprises engaged in domestic commerce have lost the opportunity to make a 10 percent deduction from their tax base when calculating estate taxes.

Wage taxes have increased from 4 percent to 6 percent in the food retail, mixed goods retail, food service and mixed activity industries. This measure is being simultaneously offset by higher prices and profit margins, as well as by a 0.5 percent increase in profit tax exemptions with respect to commercial activities conducted in small settlements. Simultaneously, seasonal food- and mixed good-retail stores will receive tax refunds as incentives to improve services.

Estate tax advantages for residential dwelling and communal residential construction have also been decreased (from 60 to 30 percent). Reduced or discontinued advantages in the general construction industry are offset by an increase in profit tax benefits from 25,000 forints to 50,000 forints applicable to residential construction in Budapest. This measure is intended to create favorable conditions for residential construction.

All wage-, estate- and accumulation-tax advantages will be discontinued for [the category designated as] "mixed vehicular--traffic". The discontinued tax advantages will be offset by increased tariffs and by reduced or discontinued taxes that were linked to production. The combined effect of these measures on the industry will be an improved regulatory system with respect to enterprise income and improved management conditions for communal and public transportation.

Opportunities For Selective Development

Selective development will be enhanced by increased investment opportunities through a favorable tax treatment of accumulations. Exemptions from under accumulation taxes may be granted for the introduction and promotion of electronic technologies, for certain developments in the field of environmental protection, for equipment directly related to occupational safety and health, and for investments that serve the development of the social service network. These exemptions may be awarded through competition: interested organizations may propose specific procurement projects (investments) that would be exempt from accumulation taxes. Proposals will be submitted to the Ministry of Finance. Maximum limits for such investments will be established annually.

Profit tax advantages with respect to interest flowing from export development endeavours are also being broadened. The rate of tax refund that had been increased in 1986 will now apply to all investments that conform to conditions specified. This measure is related to the development of the banking system.

The application of the 50 percent accumulation tax rate has been significantly narrowed. Beginning in 1987 this general rate will apply only to buildings used for recreational and week-end rest purposes, to boarding houses, to rest-houses for writers and to buildings used for cultural expositions, to cultural buildings and homes financed by enterprises, and to workers' lodging or temporary abodes to be constructed in designated recreational areas.

Rules applicable to the building and use of welfare and cultural funds will also be amended. Subject to a prescribed user quota, beginning in 1987 welfare and cultural funds can be established to benefit those who receive child care assistance payments or awards. Such funds will be eligible to accept the cost of secondary raw materials that have been accumulated and sold through voluntary social work. With the concurrence of management, enterprise workers may use these funds to pay for recreational trips to socialist countries, provided that such trips are organized by travel agencies.

No Mandatory Order of Priorities

A change with respect to the priority of interests: consistent with provisions of the Order governing insolvencies, there no longer is a mandatory sequence of priorities with respect to satisfying interests. Nevertheless the provision that bars the use of assets at the volition of the insolvent entity itself prior to satisfying all other legally prescribed obligations, remains in effect. The prescribed obligations no longer include awards for modernization of for collaboration, however. Beginning in 1987 such awards must be treated as expenses.

Ten percent of prices charged for certain services rendered to the population may be retained by [liquidating] enterprises for profit tax purposes. Heretofore this tax advantage applied even if a [liquidating] business had been operating on a contractual basis. The income of those operating on a contractual basis is not being viewed as wages paid by enterprises. Also, withholdings from profits reduce the profit margin of those operating on a contractual basis. It is for this reason that beginning next year prices charged by contractual operators can no longer be considered in the framework of tax advantages.

On the other hand, a 20 percent (!) tax deduction is due to [liquidating] enterprises that yield a part of their share of assets for public interest purposes (e.g. foundations).

Regulation Of Earnings At Enterprises

Budapest FIGYELO in Hungarian 20 Nov 86 p 13-14

The 1987 rules relative to earnings at enterprises retain the fundamental and most important features that had been introduced in 1985. What then may be viewed as new in 1987?

Regulations based on "aggregates" are being strengthened as incentives for the achievement of rational and efficient workforce management. It is for this reason that rules pertaining to incremental earnings will henceforth consider "aggregate earnings" as their basis, rather than "average earnings," as was the case before. Central income regulations will change the same way, although they retain the "average earnings" concept beside the new "aggregate earnings" concept. Within the two regulatory models applicable to the competitive sector, the role of one regulatory element gains increased significance. This element affects the relationship between added value on the one hand, and aggregate earnings on the other. And finally, the emphasis on "aggregates" produces some changes in form also: the regulatory approach heretofore designated as "earnings level" will henceforth be more appropriately called "individual aggregate income regulation."

The number of choices available to enterprises from among various regulatory models affecting earnings will be reduced. The so called "reinforced central regulation of earnings" will be discontinued. In 1985 and in 1986 any enterprise using the earnings level or the incremental earnings approach could opt for the reinforced central regulations. Enterprises that previously used the incremental approach will now have to use the aggregate earnings approach. The applicable legal provision (Order No. 14 of Oct 31, 1986 ABMH) makes only one exception, and even in that case it permits a choice between regulatory models for the duration of one year only, and only in exceptional cases. The sole choice available applies to industrial sectors or specialized sectors of enterprises in which the "aggregate earnings" concept (or, using its old name, "earnings level" concept) had been used for the first time in 1987. The industry categories designated as "other industry" and "mixed vehicular--traffic" are within these sectors and specialized sectors. Enterprises within these industry categories are excepted from under the rules and may use the "incremental earnings regulations" in 1987. All other enterprises must use the regulatory model assigned to the industrial sector they are a part of.

One of the most significant changes in the earnings regulations is the increased role of a regulatory element that checks the relationship between the productivity index of an enterprise and its aggregate wages paid. The designation of the productivity index referred to in the rules is called "simplified added value." This change affects terminology only, it has no substantive effect with respect to the meaning of the concept. One of the significant aspects of the changed regulatory element is that in the interest of avoiding overpayment of taxes, it will no longer suffice in the future to match the rate of growth of the productivity index with that of the aggregate wages paid. The productivity index will have to show double the growth rate of aggregate wages paid. The applicable tax rate will also increase if this rule is not followed. At the same time, in order to moderate the interest on establishing an [appropriate] base, the regulatory element is complemented with a tax relief structure also.

In coordination with possible nominal wage increases, the regulatory measures become more stringent, (i.e. the tax rate increases, and increases in tax-free income are being reduced.) Retention of the supplemental regulatory elements introduced in 1986 are also necessary.

The change-over to the aggregate earnings concept, alternatively the strengthening of measures, creates a vested interest on part of businesses [enterprises] to pay more wages during the final months and weeks of 1986 than originally planned. (So that "a good base can be formulated"). To moderate such interests the new rules contain transitory provisions which exclude from the 1987 incremental earnings base certain 1986 wages that had been paid. Such wages, however, would have been "dispreferred" anyway under rules in effect in 1986.

The new rules contain several other structural changes, these, however, could be demonstrated only by way of practical examples.

(I.) Regulation Of Individual Aggregate Income

One element of the regulatory changes is the simplified calculation of taxes on individual earnings. The simplification makes the related tasks much easier. In 1985 and in 1986 individual earnings taxes were not to be computed directly, but by considering a hypothetical annual income, and by apportioning the related tax liability to "time segments" of actual employment. These provisions applied to full time workers who were not employed by the enterprise during the entire year. Due to a large number and combination of scenarios that presented themselves through real life situations, the related rules turned into a great number of primary provisions and sub-provisions, making this aspect of the rules, including the so called "multiplier" provisions, the most difficult, most complicated provisions of tax laws. The "multiplier" provisions will be discontinued beginning in 1987. This means that in computing taxes, the earning of every worker must be viewed in its actual amount, irrespective of whether the worker is part of the permanent workforce, whether he is full-time or part-time, or whether he became employed or quit the enterprise in the course of the year. One rule, however, remains unchanged. A worker must figure jointly all the earnings received from a given enterprise in a given year, and that it is the combined income that is subject to taxes.

For example: a full-time worker is employed by an enterprise between Jan 1, 1987 through Jun 30, 1987, then quits. His compensation for the 6-month period amounts to 40,000 forints. During the second half of the year he receives additional wages amounting to 12,000 forints from the enterprise, even though the worker is not part of the permanent workforce.

The taxable earnings are 40,000 forints (without multipliers!) + 12,000 forints = 52,000 forints. Using tax rate schedules we find that wage taxes on 48,000 forints amount to 7200 forints. Wage taxes on the additional 4,000 forints are calculated as follows: $4000 \times 0.2 = 800$ forints. Accordingly, the total taxes on 52,000 forints amounts to 8,000 forints.

We call attention to the fact that 1987 tables are more stringent than those of 1986. This increased stringency manifests itself by an increase in the tax rate from a 10 percent level in 1986, to a 15 percent level in 1987, applicable to the 0-36,000 income bracket. Accordingly, this income bracket is now being combined with the 36-48,000 bracket which had been subject to a 15 percent tax rate already in 1986. The increase in tax rate is part of an

overall effort to make the system more stringent. It also compensates for a decrease in tax revenues due to the elimination of the "multiplier factor" with respect to wage taxes.

The effect of the increased tax rates is as follows: taxes on annual earnings of less than 36,000 forints will be subject to a 5 percent increase in tax base (e.g. taxes on a 30,000 forint income in 1986 were 3000 forints, in 1987 they will amount to 4500 forints.) Taxes on annual earnings exceeding 36,000 forints will be increased by 1800 forints. (E.g. taxes on a 50,000 forint income in 1986 were 5800 forints. Taxes on the same income in 1987 will amount to 7600 forints.)

A new feature in the regulation of individual aggregate earnings is that earnings of outworkers receive preferential treatment as long as the outworker's annual earnings do not exceed 72,000 forints (or a proportionately smaller amount for fractions of a year.) Similar benefits are extended with respect to workers whose performance capacity had been reduced. If the outworker's earning falls between 18,000 and 72,000 forints, 50 percent of the earnings constitutes the taxable base. There is no tax whatsoever if the earnings amount to less than 18,000 forints. (Of course, with respect to earnings below 18,000 forints too, the fractional year criterion governs.)

Example: a full time worker at an enterprise earns 15,000 forints during the first quarter of 1987. His employment is terminated as of March 21, but beginning on October 1 and ending Dec 31, he is an outworker for the enterprise and earns 12,000 forints.

To figure this worker's taxes we must first establish whether his earnings as an outworker are subject to preferential consideration, and if so, to what extent. In terms of calendar days, the outworker relationship had existed for 92 out of 365 days. Accordingly the resultant ratio is $92 : 365 = 0.252$. The corresponding ratios considering the applicable time criteria for 72,000 and 18,000 forints are: $0.252 \times 72,000 = 18,144$ forints, and $0.252 \times 18,000 = 4536$ forints. Accordingly, the outworker's earnings of 12,000 forints are eligible for preferential treatment (because the earnings are less than 18,144 forints). But the earnings are only eligible to a 50 percent benefit (because they amount to more than 4536 forints. Following this calculation one can figure the tax: $15,000 + 0.5 \times 12,000 = 21,000$ forints. The corresponding tax is 3150 forints.

(II.) Incremental Earnings Regulations

The only substantive change in incremental earnings regulations is with respect to tax treatment. Prior to 1987 taxes were based on increments in average individual earnings. Beginning in 1987 taxes will be based on aggregate amounts of all individual earnings in a given year.

One phase of tax computation nevertheless deviates from that of previous years. Notably: individuals with a reduced capacity to work [handicapped], outworkers, and part-time workers receive favorable tax treatment. This, in part is a necessary consequence of the transition to the concept of aggregate

earnings. As viewed under the previous system of average earnings, the favored treatment was passed on to these individuals in the process of multiplying the per capita tax by the size of the workforce. For obvious reasons this process had been eliminated with the transition to aggregate earnings as the basis for tax computation. On the other hand, the favorable treatment is also due to the fact that outworkers with annual earnings of less than 18,000 forints will enjoy a tax benefit which, in 1987 will increase from 50 percent to 100 percent.

The following example demonstrates the computation of this favorable tax benefit:

	Tax Year	Base Year (Thousand fts)
1. Full-time handicapped workers	400	360
2. Part-time workers	1100	1000
Handicapped	300	270
3. Outworkers earning less than 18,000 ft/annum	140	140
4. Outworkers earning 18,000-72,000 ft/annum . .	860	800
Handicapped	200	180
5. Outworkers earning more than 72,000 ft/annum	400	400
Handicapped	80	80

(Two comments are in order: [1] here too, the 18,000 and 72,000 forint amount criteria must be viewed in proportion to the outworker's length of service; and [2] the base year figures must be adjusted in the event that other data pertaining to the base year had changed.)

We will calculate the legally permissible favored aggregate earning for both the tax year and for the base year. The components of this calculation are: 100 percent of the earnings of handicapped workers (irrespective of whether they are full-time workers, part-time workers or outworkers); 100 percent of the earnings of outworkers earning less than 18,000 forints; 50 percent of the earnings of outworkers (not handicapped) earning less than 72,000 forints; 50 percent of the earnings of part-time (not handicapped) workers. Let's find out about the favored portion of the aggregate earnings!

	Tax Year	Base Year (Thousand fts)
1. Handicapped Workers		
Full-time	400	360
Part-time	300	270
Outworkers	280	260
2. Part-time workers (not handicapped)	400 (0.5 X 800)	365 (0.5 X 730)
3. Outworkers earning less than 18,000 ft/annum	140	140
4. Outworkers earning 18,000-72,000 ft/annum (not handicapped)	330 (0.5 X 660)	310 (0.5 X 620)
Totals:	1850	1705

Accordingly, the aggregate earnings during the tax year are 1,850,000 forints, as compared to 1,705,000 forints during the base year. The portion of the

earnings that is subject to tax benefits has increased by the difference between the two amounts: $1,850,000 - 1,705,000 = 145,000$ forints. Accordingly, the basis upon which taxes on earnings at enterprises must be calculated will be reduced by 145,000 forints.

Another example shows the same result:

1. Base year aggregate earnings: 30,000,000 forints
2. Tax year aggregate earnings: 31,500,000 forints
3. Aggregate wage increment: 5 percent
4. Tax base for [incremental] aggregate earnings $31,500,000 - 3,000,000$ forints, = 1,500,000 forints.
5. Considering tax benefits, the reduction in the tax base is $1,500,000 - 145,000 = 1,355,000$ forints.

Here is how to compute taxes on earnings:

Tax Base		Tax Rate	Tax
Percent	Thousand Forints		
0 - 1	300	3501050
1 - 2	300	3751125
2 - 3	300	4001200
3 - 4	300	4251275
4 - 4.52	155	450698
Totals	1355		5348

The tax on earnings amounts to 5,348,000 forints. (Without benefits it would have been 6,000,000 forints.)

(III.) Central Regulation Of Aggregate Earnings

One of the 1987 varieties of the central regulation of earnings will be characterized by a treatment of earnings in "aggregates." This brings about a change by which taxes on earnings will not be based on average earnings, but on the increase in aggregate earnings. Compared to the method applied in 1986, that aspect of the technical approach by which centrally authorized incremental earnings (generally a 2 percent benefit in 1987) may be accounted for by virtue of increasing the base. (The 2 percent increase in the context of rules establishing the concept of aggregate earnings applies to the increase of aggregate earnings, of course.)

The rule introduced in 1986 by which central earnings regulations retard taxable increments in earnings will be retained, except with an amendment that is related to the transition to the "aggregate earnings" concept. This amendment "protects" enterprises (which create a large tax burden anyway,) in which the workforce increases rather than decreases or remains unchanged. The essence of the amendment is that one must not reduce the tax-free aggregate earnings increment following an increase in taxable aggregate earnings beyond a 1 percent increment, provided that such increases are a result of an increase in the workforce.

In this respect, the amendment provides equal tax treatment for enterprises irrespective of whether they increase their workforce or not. Enterprises with stagnant workforces thus enjoy an opportunity to increase average earnings by about 3 percent, without further sanctions [penalties]. Viewed from the perspective of aggregate earnings, 2 percent of the increase is tax free, while 1 percent is taxable, but without sanctions. This 3 percent increase in average earnings may be implemented without sanctions by enterprises that increase their workforce. (Naturally, they must pay taxes after the increased aggregate earnings, but the tax-free rate does not have to be decreased.)

Expressed in numbers the examples look like this:

Case (A). During the tax year the derived total workforce has decreased. The "one percent rule" applies.

1. 1986 Aggregate Earnings:	50,000,000 forints
2. 1987 Aggregate Earnings:	51,800,000 forints
3. 1987 Aggregate Earnings base after accounting for the 2 percent tax-free benefit:	51,000,000 forints
4. The aggregate earnings that may be realized without decreasing the 2 percent benefit: (1.1 X 51,000)	51,510,000 forints
5. Excess (51,800,000 - 51,510,000)	290,000 forints
6. Base for computing taxes (51,000,000 - 290,000)	50,710,000 forints
7. Tax Base (51,800,000 - 50,710,000)	1,090,000 forints

As applied to aggregate earnings, this method of computation corresponds with the method that has been applied in 1986. The same procedure applies to enterprises where the derived total workforce remained unchanged.

Case B. the derived total workforce has increased. Tax computations should be based on the following procedure:

1. 1986 Aggregate earnings:	70,000,000 ft
2. 1986 Derived total workforce	1,000 persons
3. 1986 Average earnings	70,000 ft/person
4. 1987 Aggregate earnings:	74,160,000 ft
5. 1987 Derived total workforce	1,030 persons
6. 1987 Average earnings	72,000 ft/person
7. 1987 base for aggregate earnings incl. 2 percent benefit	71,400,000 ft

As can be seen, had we applied the criterion used in Case A., we would have "lost" the entire 2 percent tax-free benefit [in Case B.] But because the derived total workforce had increased, the law prescribes that the 2 percent tax-free benefit must be reduced only by that portion of the aggregate earnings which exceeds 3 percent of the average incremental earnings. In our example, however, the average earning had increased only by 2.86 percent (72,000 : 70,000), and therefore one must not "make a return" to the base. Accordingly, the tax base is: 74,160,000 - 71,400,000 = 276,000 forints.

Case C. Here too, the derived total workforce increases, but other tax year data are different.

1. 1986 Aggregate Earnings:	70,000,000 ft
2. 1986 Derived total workforce	1,000 persons
3. 1986 Average earnings	70,000 ft/person
4. 1987 Aggregate earnings:	73,528,000 ft
5. 1987 Derived total workforce	1,010 persons
6. 1987 Average earnings	72,800 ft/person
7. 1987 Base for aggregate earnings incl. 2 percent benefit . .	71,400,000 ft

Because the derived total workforce had increased, here too we must use the criterion that is based on an increase in average earnings. In this case, however, the average earnings had increased by more than 3 percent, in fact they increased by just about 4 percent (72,800,000 : 72,000,000). Expressed in forints, the portion of earnings that exceeds 3 percent: 72,800,000 - 72,100 = 700,000 forints. This is the aggregate earnings amount by which the 2 percent tax-free benefit must be reduced. The amount of aggregate earnings will, of course be determined by using the derived total workforce within the tax year: 700,000 X 1010 = 707,000 forints.

Having reduced the 2 percent tax-free benefit by this amount, the amount of taxes to be paid must be computed on the following basis: 71,400,000 - 707,000 = 70,693,000 forints. The base for the earnings tax: 73,528,000 - 70,693,000 = 2,825,000 forints.

The tax base may be reduced by the rate of growth of favored aggregate earnings described in (II.), above.

In closing this segment we call attention to the fact that in this regulatory model changes within a tax year in the derived total workforce have regulatory effects also. For this reason the basis for the derived total workforce must also be in a condition suitable for comparison (for example: it must be adjusted in case of an internal reorganization). The term "derived total workforce" means the original "derived total workforce," without any preferential considerations. (We must use this definition even when figuring the aggregate amount of earnings over and above the 3 percent incremental average earnings.)

Within this regulatory model the opportunity for a 2 percent tax-free increment increases the base of aggregate earnings, and cannot be considered as part of a basis for relating this to incremental average earnings. (The same applies to the interpretation of the 10 percent average earnings increment criterion in the context of the 500 percent tax.)

(IV.) Central Regulation of Average Earnings

The "average earnings" variation of central regulations as compared to the 1986 version of the same regulations produces few new items. Benefits pertaining to the handicapped, to part-time workers and to outworkers have changed.

We will borrow the earnings data contained in (II.) above as the basis for calculating the benefit, and supplement that data as follows:

1. Average earnings during the tax year 63,650 ft/person
2. Basis for average earnings (incl. 2 percent benefit) . . . 65,000 ft/person
3. Derived total workforce during tax year 479.8 persons
4. Annual statistical number of handicapped workforce 8.0 persons

First we will calculate the per capita tax.

<u>Tax Base</u>		<u>Tax Rate</u>	<u>Tax</u>
Percent	Forints/person		
0 - 1	650	350	2275

This per capita tax figure is not to be multiplied by the true 479.8 person derived total workforce, but rather by the derived total workforce as offset by benefits.

Pursuant to the rules, the derived total workforce must first be reduced by the annual statistical number of the handicapped workforce. I.e. $479.8 - 8.0 = 471.8$ persons.

Thereafter we take the preferential earnings aggregate, as calculated in (II.) above. The size of these aggregate earnings is 1,850,000 forints. From this figure we deduct the earnings of the full-time handicapped (400,000 forints) because the benefit related to these full-time handicapped workers has already been accounted for by reducing the total number of workers by their numbers. We can figure the workforce size from the remaining 1,450,000 forints and with the aid of the tax year's average earnings: $1,450,000 : 65,650 = 22.1$ persons. The derived total workforce: 471.8 persons must be reduced by this number. This then produces the reduced derived total workforce: $471.8 - 22.1 = 449.7$ persons. This number becomes significant when computing the actual volume of taxes.

Accordingly, the amount of taxes to be paid is $2275 \times 449.7 = 1,023,000$ forints. (Without the benefits the tax would be 1,092,000 forints.)

(V.) Surtax or Tax Relief As Functions Of The Productivity Index

The most profound change in the 1987 rules can be found in the increased role of the productivity index. The manner in which the simplified added value (hereinafter "H-factor") takes shape will bear influence on potential earnings increases within businesses subject to individual aggregate earnings regulations and to incremental earnings regulations. (The H-factor applies to these two regulatory models.) The H-factor effect is pronounced primarily because of the large-scale reinforcement of threshold conditions for the avoidance of surtaxes.

According to the rules, an aggregate earnings increment is tax free as long as its rate of increase is less than half of the dynamics of the H-factor. In the event that the H-factor decreases, only one half of the rate of decrease in aggregate earnings is necessary to avoid payment of surtaxes. If this requirement is "exceeded", an enterprise may claim tax relief.

The following examples demonstrate several typical possibilities:

Case A.

1. Tax year H-factor	600,000,000 forints
2. H-factor base	520,000,000 forints
3. Rate of increase	15.38 percent
4. Tax year aggregate earnings	200,000,000 forints
5. Base of aggregate earnings	190,000,000 forints
6. Rate of increase	6.26 percent
7. Aggregate earnings exempt from surtax	204,611,000 forints
(1.0769 X 190,000,000)	

In this case there is no surtax because the aggregate earnings for the tax year are smaller than aggregate earnings exempt from surtax. In such cases the difference (204,611,000 - 200,000,000 = 4,611,000) may be used to decrease the progressive tax required by the individual aggregate earnings regulations and by the incremental earnings regulations.

Case B.

1. Tax year H-factor	300,000,000 forints
2. H-factor base	294,000,000 forints
3. Rate of increase	2.04 percent
4. Tax year aggregate earnings	160,000,000 forints
5. Base of aggregate earnings	150,000,000 forints
6. Rate of increase	6.67 percent
7. Aggregate earnings exempt from surtax	151,530,000 forints
(1.0102 X 150,000,000)	

The enterprise must pay surtax because the aggregate earnings during the tax year exceed the aggregate earnings that are exempt from surtax. The tax base: 160,000,000 - 151,530,000 = 8,740,000 forints. The surtax triples this amount: 25,410,000 forints.

Case C.

1. Tax year H-factor	400,000,000 forints
2. H-factor base	420,000,000 forints
3. Rate of decrease	4.76 percent
4. Tax year aggregate earnings	140,000,000 forints
5. Base of aggregate earnings	155,000,000 forints
6. Rate of decrease	3.23 percent
7. Aggregate earnings exempt from surtax	151,311,000 forints
(0.9762 X 155,000,000)	

(Namely, in order to avoid payment of surtaxes, the 4.76 percent rate of decrease [in the H-factor] must be matched by half of that decrease, or 2.38 percent, in the aggregate earnings base.)

The aggregate earnings during the tax year are smaller than the tax-free amount of aggregate earnings, therefore no surtax is due. Moreover, a tax relief of 1,311,000 forints (151,311,000 - 150,000,000) may be used to offset progressive taxes.

Case D.

1. Tax year H-factor	350,000,000 forints
2. H-factor base	400,000,000 forints
3. Rate of decrease	12.50 percent
4. Tax year aggregate earnings	180,000,000 forints
5. Base of aggregate earnings	190,000,000 forints
6. Rate of decrease	5.26 percent
7. Aggregate earnings exempt from surtax	178,125,000 forints
(0.9375 X 190,000,000)	

Aggregate earnings during the tax year are larger than the tax exempt aggregate earnings. Accordingly, surtaxes must be paid. The basis for the surtax: 180,000,000 - 178,125,000 = 1,875,000 forints; the actual surtax amounts to 5,625,000 forints.

In summary then: with the exception of the borderline case when the dynamics of the earnings-aggregate produces exactly half of the H-factor index, an enterprise must either pay a surtax or is entitled to tax relief through an offset in progressive taxes.

It is worth pointing out that in the context of incremental earnings regulations there are two views concerning the taxation of aggregate earnings. The criterion of progressive taxes is absolute: if the earnings-aggregate shows an increase vis a vis the base, one must pay progressive taxes on earnings. The threshold criterion for the 300 percent linear tax is relative: one must pay if there is a "relative increase" in the aggregate earnings, moreover, one must pay in response to what the H-factor manifests, multiplied by 0.5.

*

The 1987 rules retain unchanged the essence of the two regulatory elements introduced in 1986. According to those elements, [an enterprise] must pay a 500 percent tax on that portion of earnings increments which exceeds 10 percent, and also after those portions of wage taxes and earnings taxes that are not covered by a defined portion of the vested base, but are related to the taxable increase in earnings.

(VI.) Transitional Rules

The framers of the 1987 regulatory provisions quite logically assumed that reacting to anticipated changes in rules the various businesses would want to increase 1986 year's end paid-out earnings. If for nothing else, they would do so in order to establish a "better base period". The framers' assumptions

had been confirmed by practical experience. To moderate this endeavour the framers supplemented the rules with a transitional provision that reduces the possibility of establishing a good base period. The essence of this provision is that it disallows the inclusion into base calculations of such paid-out earnings that would have been dispreferred under the 1986 rules, i.e. by virtue of surtax assessments or by disallowing the opportunity for incremental earnings. More precisely, in making base calculations for purposes of complying with the 1987 regulations, one must not include earnings which, in 1986 [a] caused the payment of surtax by virtue of productivity indexes; [b] raised the average earnings increments above 10 percent; and/or [c] caused the loss or decrease of an opportunity to increase tax-free average earnings, within the framework of the central earnings regulations.

Considering the fact that one and the same earned amount may be affected in more than one place within the listing, we leave out the largest of these amounts from the base, in order to avoid compilation--in other words, multiple omissions of the same amount from the earned income base.

All of the above may be illustrated by way of three examples. All of our data must be determined pursuant to applicable rules that are in effect as of 1986.

Case A: An enterprise that utilizes the earnings level (or incremental earnings) regulations in 1986:

1. 1986 average earnings	67,000 ft/person
2. 1986 average earnings base	60,000 ft/person
3. 1986 added value	156,000,000 ft
4. 1986 added value base	150,000,000 ft
5. 1986 aggregate earnings	67,000,000 ft
6. 1986 aggregate earnings base	62,000,000 ft
7. 1986 derived total workforce	1000 persons

(a) Increases in average earnings in excess of 10 percent: $67,000 - 1.10 \times 60,000 = 1000$ ft/person.

(b) The basis of linear surtaxes: $67,000 - (156,000 : 150,000) \times 62,000 = 2,520,000$ ft/person.

From among the values computed in (a) and (b) above, 2,520,000 ft/person is greater, therefore, from the viewpoint of base reductions we must use that figure.

Case B: An enterprise that utilizes the "normal" central earnings regulations in 1986:

1. 1986 average earnings	70,000 ft/person
2. 1985 average earnings	66,000 ft/person
3. Base after 4 percent tax-free consideration	68,640 ft/person
4. Average earnings without 4 percent decrease	69,326 ft/person
(1.01 X 68,640)	
5. Excess (70,000 - 69,326)	674 ft/person

The excess amount must be disregarded with respect to 1987 base calculations.

Case C: An enterprise that utilizes the "reinforced" central earnings regulations in 1986:

1. 1986 average earnings	67,000 ft/person
2. 1985 average earnings	64,000 ft/person
3. Base after 1 percent tax-free consideration	64,640 ft/person
4. Average earnings without 1 percent decrease (1.02 X 64,640)	65,933 ft/person
5. Excess (67,000 - 65,933)	1,067 ft/person
6. 1986 added value	150,000,000 ft
7. 1986 added value base	150,000,000 ft
8. 1986 aggregate earnings	67,000,000 ft
9. 1986 aggregate earnings base	66,000,000 ft
10. 1986 derived total workforce	1000 persons

The linear surtax base: $67,000,000 - 66,000,000 = 1,000,000$ forint; projected on a one man derived total workforce: 1,000 forint. Since this amount is smaller than the excess of 1,067 over the 2 percent taxable average earnings increase, the latter must be figured in calculating the base decrease.

In our effort to illustrate the base reduction with respect to 1987 average earnings and aggregate earnings, let us stay with the last example. Assume that no organizational or other change affects the 1987 base earnings of the enterprise. Therefore the actual 1986 average earnings (67,000 ft/person) and the actual 1986 aggregate earnings (67,000,000 ft) will serve as the 1987 base, but only if there were no transitional rule, as described above. But because there exists a transitional rule, (a) the 67,000 ft/person base average earning must be reduced by 1,067 ft/person, to a level of 65,933 ft/person; and (b) the 67,000,000 ft base aggregate earning must be reduced to 65,933,000 ft by deducting the 1,067,000 ft, which is the product of 1,067 ft/person X 1,000, the 1986 derived total workforce, as that figure was established pursuant to the rules of 1986.

For enterprises that utilize one of the varieties of central earnings regulations, the 2 percent tax free incremental earnings benefit (or possibly some different benefit) must be established on the already decreased base.

In conclusion it might be worthwhile to point out a few more things. According to the legal provisions, and in relationship to the transitional rule, the basis for the H-factor cannot be adjusted. Concerning premium payments for workers in higher level management positions, their 1987 tax year premium will be based on the previous year's final reconciliation, taking into consideration both the actual amounts and advances paid during the tax year. Beginning in 1987, compensation provided for expert know-how [sic] to private persons will not be considered as part of the aggregate earnings paid as wage expenses, neither for purposes of the tax year, nor in the context of base year calculations.

FINANCE OFFICIAL VOICES VIEWS ON DEBT, EXPORT PROBLEMS

Warsaw PERSPEKTYWY in Polish No 43, 24 Oct 86 p 14

[Interview with Andrzej Dorosz, deputy minister of finance, by Wojciech Krasucki: "The Burden Can Be Lighter"; first paragraph is PERSPEKTYWY introduction]

[Text] The recently published report on Poland's debt and methods for overcoming it still awakens considerable attention. In an interview with Dr Hab Andrzej Dorosz, deputy minister of finance, we discussed some of the problems reviewed in the report.

[Question] The report states that studying how the debts were accumulated should have practical significance for the state's economic policy. However, our debts are still rising.

[Answer] This statement suggests that we have drawn no conclusions from the past decade. But this is not so. In the 1980's the debt grew as a result of our steady negative balance of trade with the capitalist countries and the accumulation of interest on the debt. Since 1982 Poland has had an export surplus with the West. It reached its highest level (\$1.4 billion) in 1984. The economy is regaining its ability to pay the interest.

[Question] But not entirely.

[Answer] This is true. We are not making the entire interest payment, for the export surplus does not equal the interest payments. And this unpaid interest is increasing the debt.

[Question] Can we not pay more?

[Answer] Please remember that paying the interest completely would absorb every other dollar earned from exports. Given their present level (about \$6 billion) debt service would absorb about \$3 billion annually. Poland cannot afford this. We must use the majority of the convertible currency for purchasing raw materials and materials for production, including production for export.

[Question] What portion of the convertible-currency income can be used to serve the debt without damage to the economy and standard of living?

[Answer] Generally, not just in Poland, the maximum is considered one-fifth of the value of exports. We have stayed within these boundaries.

[Question] The reduction in the positive balance of trade with capitalist countries over the last 2 years is disturbing. What caused it?

[Answer] It is hard to give an answer. The economy's development has increased import needs: if we want to produce more, we must import more. The large surplus of 1984 was produced not only by rebuilding exports, but also by significantly limited imports. Additionally, we have difficulties selling our goods in the West. For example, recently limitations were placed on imports of food from Poland by the EEC after the Chernobyl catastrophe. Even foreign experts said that move was too severe.

[Question] These limitations were not the first. Since 1982 we have been burdened with restrictions introduced by the United States, tariffs on our goods were raised, credits cut off. But what are the subjective causes for not achieving the planned growth of exports?

[Answer] The continuing stable domestic demand for market goods as well as for goods for industry, construction, and the other sectors of the economy frequently makes producers more interested in the domestic market than in exports. Abroad they must meet higher standards and compete. In the domestic market, however, the producers have no problems with quality, shipping dates, or the contents of a shipment matching the order. Add the external limitations, which we mentioned, and the picture becomes clear.

[Question] In exports, however, not just quantity but value counts. How are the prices for our products and raw materials?

[Answer] Recently they have been unfavorable for Poland. This applies, among others, to our basic exports like sulfur, coal, copper, and silver. The prices for certain goods are also unfavorable. Unfortunately, the declining quality of our products has had an effect. We can list many causes. The main one is the reduction of investment and modernization, especially in industry, in recent years.

[Question] If the enterprises find it more difficult to meet the demands of their foreign partners, it is partly because they lack freedom in the use of their own convertible currencies from their retained earnings accounts in the Bank of Commerce for purchases, including those for modernization.

[Answer] It is hard to agree with such sweeping criticism of the retained earnings system. Look at the statistics: the proportion of imports purchased with the enterprises' own resources, i.e., retained earnings, increased from more than 23 percent last year to more than 25 percent this year.

[Question] The retentions are rising at a faster pace.

[Answer] I do not deny that the wait for a bank to complete an enterprise's import order from its retained earnings has increased. But as I have mentioned the need for imports is growing throughout the economy, and so are the number of the enterprises' import orders. Moreover, some want to use not only this year's retained earnings but those from past years, too.

[Question] They probably have every right to use them. After all, they earned the convertible currency.

[Answer] Retained convertible currency accounts are accounting fictions. There is no separate fund of convertible currency in a bank from which the firm holding such an account can obtain resources for imports at any time. Please do not forget the so-called bank paradox. If every account holder of even the world's richest bank came to the bank at once and demanded his money immediately, the bank would collapse. Gradual realization of the bank's obligations, spreading them out over time, is essential.

[Question] Does this mean that in its current form the retained earnings account system has no faults?

[Answer] The principles of this system, as the enterprises admit, are correct. Like any other system, it needs improvement. New problems turn up constantly. For example, the enterprise has a retention from exports, recorded in convertible currency, but realized through clearing (practically: barter exchange). Sometimes this enterprise sends the bank an order for a convertible-currency purchase, and the bank has funds in clearing accounts only in certain countries. Many other similar problems have occurred. We must solve them so that the retained earnings system remains a constant export impetus.

[Question] There is always a shortage of convertible currency. And some regulations do not help obtain it. Would it not be more useful for the economy if, for example, a citizen with convertible currency without documenting its origin, could, as once was possible, deposit it in an interest-bearing "A" account and not be forced, as now, to keep it for a year in a non-interest-bearing "N" account?

[Answer] It is hard for me to comment on the propriety of measures that were introduced recently and that I did not help create. Briefly, what harm is there in these dollars of uncertain origin passing through a year of "purgatory?" I do understand that it is an inconvenience for the bank's clients. Perhaps after studying the operation of the entire convertible-currency system for the circulation of funds held by society, after determining what its benefits are for the economy and how it protects the interests of the citizen, it will be necessary to remodel or change it.

[Question] Let's not lose hope. I have another example. Understandably, the state today cannot afford more extensive market imports, especially

of expensive equipment like computers, etc. But the citizens do not understand why the tariff discourages them from bringing anything home! Recently, one columnist compared our tariffs to a medieval myth.

[Answer] Again I could avoid your question since the tariff belongs to my colleagues at the Ministry of Foreign Trade and not to finance, but I came here from there. So I will answer. I do not agree with this version of the issue. Duties on computer equipment have been lowered, and the entire tariff, in my opinion, prevents no one from importing anything for personal use; it only prevents the import of large quantities of goods for sale.

[Question] Would it not be more appropriate to use taxes?

[Answer] It is very hard to tax unofficial commerce between individual private citizens. Thus there are import duties. I believe the readers of PERSPEKTYWY are in favor of limiting imports for speculation.

[Question] Let's return again to the main topic of our discussion: how long will the debt place a burden on our standard of living and economic development?

[Answer] It appears improbable to halt the growth of the debt in the next few years. However, the basic method for limiting its growth is clearly the development of exports. But, as we have said, this is difficult. We must above all make sure that it is possible in the following 5-year plans. I believe that putting a few economic relationships into order and carrying out the second stage of the reform will establish a foundation for enlarging the role of foreign trade, for accelerating the growth of exports, for increasing our surplus in balance of payments, and thus for halting the debt.

Solving a debt problem on the scale of Poland's is, however, not just our problem. Clearly, debtor countries must change the structure of their economies and activate their foreign trade. But the creditors must cooperate with them by increasing their demand for goods produced by their debtors and by not increasing the interest rate on the debts.

Such cooperation, I believe, is essential.

13021/6662
CSO: 2600/134

FIRST BOND ISSUE REPORTED, MINISTRY COMMENTS

Warsaw RZECZPOSPOLITA in Polish 9 Oct 86 pp 1, 5

[Interview with Zygmunt Zdyb, advisor to the minister of finance, by Janusz Kotarski: "The First Courageous One!: Bond Issue-A Chance to Develop"]

[Text] A year after the regulations issued by the Council of Ministers authorizing enterprises to issue bonds, the Graphics Plant in Katowice has become the first to do so. As PAP correspondent Zbigniew Madej writes, they had a choice, either increase the price of services to produce the needed resources for modernizing their equipment (81 percent worn out) or issue bonds.

The application reached the Ministry of Finance, where it is under review. The first purchasers are also available: the National Publishing Agency, Polish Forestry and Agricultural Publishers, and Alma-Press. Jan Zimnol, manager of the printers, wants to raise 400 million zloty by promising purchasers interest in addition to first preference for printing services. Thanks to the bonds, which will provide only half of the financing, the plant will shift from typographic printing to offset and photogravure printing.

In connection with these reports a PAP reporter interviewed Zygmunt Zdyb, advisor to the minister of finance.

[Question] You will admit that the appearance of the first candidate to issue bonds after a year of waiting is an event. Why did we have to wait so long?

[Answer] There are a number of reasons. I believe one of them could be that the enterprises still know too little about the opportunities bond issues offer. More importantly, they do not feel pressured to seek funds for development and technical advancement in this way. Many enterprises control significant sums for development, and many of them prefer to use such sources as subsidies or tax relief, which do not bring any specific obligations to lenders. This appears to be the general cause.

[Question] There are, however, enterprises in financial difficulty threatened by bankruptcy.

[Answer] They, however, must resign from bond issues. We cannot allow inefficient enterprises, which cannot guarantee they will meet their obligations, to use such an instrument.

[Question] Do you not think, however, that the reason might also be that holding zloty does not automatically ensure access to modern production technology, raw materials, building materials, etc? In other words, that simply issuing bonds and raising funds is not equivalent to being able to finish an investment on time, making purchases abroad?

[Answer] These are surely negative factors. For example the first plant, which we are discussing, is counting on the purchase of convertible currency from funds of the minister of culture. This, I emphasize, is not the principal cause. As long as an enterprise seeking funds can use subsidies or tax relief, it will regard funds raised by a transfer of capital as a less attractive alternative.

[Question] In a word, we have again come to the issue of the effects of a policy of hard money.

[Answer] Undoubtedly so. I believe, however, that in the coming year when the principles of economic necessity begin to function more clearly, I will have much more work on applications to issue bonds.

13021/12859
CSO: 2600/84

ECONOMIC TIES WITH AUSTRIA

Warsaw RZECZPOSPOLITA in Polish 9 Oct 86 pp 1, 2

[Unattributed report: "Economic Cooperation with Austria"]

[Text] On 8 October Vice Premier Zbigniew Szalajda, cochairman of the Polish-Austrian Mixed Commission received Ernest Schmidt, the Austrian minister of agriculture and forestry.

Problems in developing economic cooperation between Poland and Austria including the food industry and forestry and other sectors were discussed. Stanislaw Zieba, minister of agriculture, forestry, and the food industry, and Michael Weninger, charge d'affaires of the Austrian Embassy in Poland, participated in the talks.

On 8 October Vice Premier Zbigniew Szalajda, Polish cochairman of the Polish-Austrian Mixed Commission, also received a delegation of the Austrian-Polish Society, including Fritz Bock (former federal vice chancellor and honorary president of the society) and Theodor Kanitzer (president of the society). The delegation included other Austrian industrialists. Wieslaw Balcerek, president of the Polish-Austrian Society, was also present.

During the meeting the development of bilateral relations between Poland and Austria which are positive and beneficial for both countries, economic cooperation, expansion and deepening of scientific and technical and cultural cooperation were discussed.

The Austrian delegation is in Poland for the 40th anniversary of the Austrian-Polish Society, which has made a significant contribution to giving Austrian society an objective picture of Poland and its political, economic, and cultural life.

13021/12859
CSO: 2600/84

COMPUTERS AID DOMESTIC RESERVES TRADE

Warsaw TRYBUNA LUDU in Polish 9 Oct 86 p 5

[Article by Irena Szaczkusowa: "Party's Initiatives: Meral as an Intermediary; Mazovia, A Minicomputer for Personal Use and Export"]

[Text] Engineer Stanislaw Wieladek hands over a thick computer printout. It lists 6 million zloty--the value of the small items and complex equipment available for purchase or sale. Among the items is a bearing and a computer.

Each day employees of the Materials Information Bank make corrections: some items are deleted, others are added. The entire colossal effort is possible thanks to a computer system, no other would be able to cover the nearly 60,000 items reported by the 200 plants. Its capabilities are greater still.

When One Has Too Much and Another None

Meral, the Enterprise for Designing and Modernizing Industrial Automation and Measurement Equipment located on Ochota in Warsaw, organized the Materials Information Bank three years ago. Given the crisis and the breakdown in the supply system, they decided to use hidden reserves. Some bought an oversupply, and others had none--somehow the two sides had to be brought together. Sometimes these transactions have saved a catastrophic situation. For example, once the foundry of the Cegielski plant had to close one production line because a bearing broke in a machine. The proper part could not be found, but through Meral they found one.

The bank uses a Mera 400 computer, aided by a Mazovia 1016. The member plants pay a fee of 10,000 zloty monthly and receive reliable, quick information in return: where they can buy something and who needs a piece of essential material or equipment. Reportedly, it pays. The transactions are large, the profits certain, for on the one hand a plant can clean up its stock of supplies by selling unneeded reserves, and on the other hand, a plant can purchase some essential and seemingly unobtainable item with relative ease.

This by-product of Meral, the Material Information Bank, has drawn considerable interest from the Warsaw PZPR Voivodship Committee. The Warsaw party organization has put forth the proposal that items bought or sold through Meral be considered production reserves.

For various reasons, including temporary shortages of raw materials, machines and work space go unused. They could be used by other plants, if only the plants could make contact. The benefits would be mutual, for today idle equipment owned by a plant only increases the cost of production.

Stamping, Milling, Rolling

The first attempts were made three months ago and contracts have already been signed. For example, the chemical plant Libella reported unused space in Otrebusy. Assembly of electronic equipment could be done there. The Sawa Garment Industry Union owns a new production building in Biala Podlaska. The space was built too quickly and is too large for the needs of the garment makers. It is too late to repair the error, but the Polam Lighting Equipment Plant can begin import substitution production of insulated cable which is needed in telecommunications, for example.

Proposals to perform specific jobs for other plants are also reported to the bank. For example, the Precious Metals Products Plant expressed its interest in rolling and mounting of detail work, the Grochow Transportation Equipment Plant expressed its interest in stamping rods, and the Okecie Transportation Equipment Plant would do galvanization in return for milling and mechanical processing. Unitra-Lamina in Piaseczno wanted to contract milling of screws and threads.

"Few Warsaw plants, however, have reported unused production resources," Engineer Stefan Kolodziejczyk, the chief manager of Meral, commented. "They see no need to, when no one holds them accountable for what they have, how they use their equipment, or how their employees work. Bank credits are given regardless of whether the plant is using all of its productive capacity or whether it displays sufficient thriftiness. This should be changed."

A Dozen Partners

Last year Meral was one of twelve participants in the creation of an electronics partnership. Its creation was proposed by the PZPR Ochota District Committee and the PZPR Warsaw Voivodship Committee. The party noted that only a common effort by the Warsaw electronics industry could more quickly produce the country's most urgent need and potential important export: a microcomputer.

The prototype period has passed, and mass production has begun. Near the end of the year the Era and Mera-Blonie plants will ship the first 500 Mazovia units. Mera-Blonie is producing printers for the computer, the Refa Plant in Swiebodzice, the keyboards, and Pol-Kolor in Piaseczno, the monitors. The technical office of Mera-System, Orgmasz, and Meral are writing programs for it. The partnership, to which Polam, the Mathematics Institute, and the Foreign Trade Enterprise Unitra also belong, will also provide service, sales, and training for users.

The microcomputer system is addressed to enterprises who want to gain control of their material resources. Certainly, it can be of use to large institutions. The first foreign purchaser of the Warsaw Mazovia will be the Prague Polytechnical University.

TEXTILE INDUSTRY PRODUCTION SHORTAGES FORESEEN

Warsaw RZECZPOSPOLITA in Polish 8 Oct 86 p 5

[Unsigned article: "Will Light Industry Fulfill Its Annual Plan?: A Shortage of Raw Materials Makes Inventiveness Necessary"]

[Text] Light industry will not fulfill its annual plan unless supplies to the factories improve. The Ministry of the Chemical and Light Industries estimates that by the end of the year there will be a shortfall of 30 million meters of finished cotton material, 10 million meters of wool, and 6 million meters of silk material, 24.3 million units of knitted goods, and 4.1 million pairs of shoes (not including rubber shoes).

In relation to the quantities in the Central Annual Plan for 1986, the shortfalls would range from 9.2 percent for wool to 3.1 percent for shoes. It is not necessary to add that the problems in the textile industry will be reflected in the clothing in outer garments industries. The effects will be felt in the domestic market, in exports, and also in the factories, as a poorer economic performance and lower wages.

More than half of the supplies of raw materials for light industry (including all of the cotton, jute, and sisal, 70 percent of the wool, half of the raw hides, and a large portion of the synthetic fabrics) are imported, including a significant share from the second payments area. Poland's difficult situation in balance of payments area. Poland's difficult situation in balance of payments and the resulting backlogs in foreign shipments constitute a basic reason for the current delays for textiles, footwear, and knitted goods. Some domestic suppliers are also at fault.

In this situation we cannot sit idly by and wait for the pessimistic predictions to come true. It is not a question of finding the convertible currency; actions to reduce light industry's need for convertible currency are also necessary.

Such actions have already been undertaken. Purchases of lambswool and raw hides have been intensified; the industry should receive 11 percent more domestic wool than planned and 7.5 percent more raw hides. The textile industry should supply somewhat more semi-finished products. Domestic substitutes should replace the missing raw materials and imported materials wherever possible. Additional contracts for synthetic fabrics have also been signed with the Soviet Union in exchange for finished products. There is also a chance that the Soviet Union will

provide some light cotton, which until now has been imported from the second payments area.

These actions will not relieve the enterprises of the obligation of using domestic and especially imported raw materials frugally. In this respect, as the recent inspections by the Supreme Chamber of Control have shown, the factories have much to do.

13021/12859

CSO: 2600/84

BRIEFS

COOPERATION WITH DENMARK--Copenhagen (PAP)--At the 12th session of the Polish-Danish Commission for Economic Cooperation in Copenhagen, the goals for 1987-88 were outlined. Arne Christiansen, vice minister for foreign affairs, led the Danish delegation and Kazimierz Klek, vice minister of foreign trade, the Polish delegation. Both sides happily emphasized the dynamic growth of the turnover during the past two years. This applies both to Polish exports to Denmark and to Danish exports to Poland. The talks, which were conducted in a friendly atmosphere, confirmed the significant opportunities for cooperation between Poland and Denmark. The Polish delegation also visited the Danish Industrial Council which promotes and coordinates Danish industrial exports. Ove Munch, its representative, expressed support for resuming normal financial relations between the two countries. [Text] [Warsaw RZECZPOSPOLITA in Polish 9 Oct 86 p 1] 13021/12859

NEW COMPUTER STORE--The central city-district branch of Spolem intends to open a new store in the coming weeks. Located at the corner of Bernardynska St. and managed by an agent, it will purchase and sell microcomputer equipment. It is modeled on prosperous stores in Silesia and Lodz. [Unsigned report: "Computers in a Food Store?"] [Text] Krakow ECHO KRAKOWA in Polish 15 Sep 86 p 3] 13021/12859

CSO: 2600/84

GROSZ ON 1956: 30 YEARS OF MSZMP RENEWAL, CONTINUITY

AU091341 Moscow VOPROSY ISTORII KPSS in Russian No 11, Nov 86 (Signed to press 29 Oct 86) pp 67-80

[Article by Karoly Grosz, Hungarian Socialist Workers Party (MSZMP) Central Committee Politburo member and Budapest City MSZMP committee first secretary: "The Historical Path of the MSZMP: The Lessons of the Past, and Present Times"]

[Text] November 4, 1956 is a highly important date in the history of the Hungarian people. On that day, 30 years ago, the revolutionary workers' and peasants' government was formed in our country, which crushed the forces of the counterrevolutionary supported by world imperialism. The historic task confronting the Revolutionary Center which was set up was to defend the successes won in a decade by the Hungarian people in building a new society and, having worked out a Marxist-Leninist program, to widen the scope of socialist construction. This task was very complex, because it implied the need not only to find a way out of the crisis brought about in the country by counter-revolutionary forces, but also to move the cause of socialism forward.

The Revolutionary Center first of all had to determine the order of priority in accomplishing tasks, and this called for a responsible attitude in assessing the political situation. On this depended the time and the price expended to put down the forces of counterrevolution in order to prevent further bloodshed, to normalize public life, and to stop imperialist interference.

The inability of the supreme command of the country's armed forces to take resolute steps allowed no hope that the country would quickly and definitely bring events to an end by its own efforts. Under these circumstances, the revolutionary workers and peasants government appealed to the Soviet Union for help, which without delay gave us military assistance in restoring order and in consolidating the people's rule. Even now, 30 years later, we regard this decision as the only one possible. The international communist movement has approved the rendering of this assistance. In this way the lives of thousands of Hungarian citizens loyal to socialism, of communists, were saved, and the emergence of a seat of war in Central Europe was precluded, a seat of war which would have jeopardized peace which barely had time to become stronger, and which would have shaken international cooperation.

The elimination of the counterrevolution provided conditions for political consolidation. However, in itself the victory did not answer the main questions. What was needed for this purpose was a united Marxist-Leninist party capable of preserving all the values the Hungarian workers movement had accumulated in a century-and-a-half, and sufficiently strong to break with left-wing sectarian and right-wing revisionist forces. The party had to be bold and honest in assessing its own shortcomings, through its activity it had to win prestige both within the country and abroad, it had to work out programmatic directives, and had to restore to the masses the faith they had lost. "Looking back at the heroic battle," Comrade Janos Kadar pointed out, "we can see distinctly that the struggle waged by socialist Hungary in October 1956 against the previous, seignorial Hungary was a struggle to the death. And socialist Hungary emerged triumphant from this battle...Proletarian internationalism and the forces of social progress and peace triumphed." (Footnote 1) (J. Kadar, Selected Articles and Speeches (1957-1960). Moscow, 1960, p 71)

The Hungarian Socialist Workers Party [MSZMP] (by changing its name, the party aspired to confirm that it had broken with the errors committed before) proclaimed as its ideological platform the program of the United Workers Party that had been formed in June 1948--the Hungarian Workers Party. By doing this the MSZMP opposed the attempts to upset the organizational and political unity of the workers class and thus weaken its leading role in the country and in building a new society. The MSZMP undertook to unite all forces which had previously been active in the communist and the social democratic parties, which accepted the program for the country's rebirth and were prepared to work on its implementation. Formed as a result of the merger between those parties, in the period from 1948 to 1956 it had a membership of between 900,000 and 1 million. The composition of the Hungarian Workers Party was good in terms of social origins, work performed, and length of affiliation in the party. In December 1956 MSZMP membership amounted to only 10 percent of that of the Hungarian Workers Party. But as the working people began to receive answers to the questions that disturbed them, to see the true goals of the MSZMP, and to become certain of the inhumane methods used by counter-revolutionary forces, they also began to go over to the reorganized party.

By April 1957 the numerical strength of the MSZMP reached 27 percent of that of the Hungarian Workers Party. The fact that the share of workers, peasants, and youths in the MSZMP ranks significantly increased was worthy of attention. The consolidation of the firm workers and peasants base in the party continued one of the most valuable traditions of the Hungarian workers movement. The ideopolitical and organizational unity of the Hungarian workers movement was definitely consolidated on the basis of Marxism-Leninism in the shape of a workers party with a renewed revolutionary program and a statutes. It would have been impossible to successfully restructure the party without renewing its political program in practice. For this reason the party first took steps to restore the Leninist norm of party life, and to establish correct relations between party and society. The MSZMP worked out ways to settle the main problems regarding economic and cultural construction, as well as the development of public life and international relations. By its very first steps the

MSZMP confirmed that it regarded its goal to be to further develop the socialist social system, and considered it its main task to raise the prosperity of the working people. The Hungarian People's Republic joined the great family of the socialist countries, it always regarded and continues to regard itself as a loyal ally of the USSR, it pursues a policy of peaceful coexistence, respects the interests of other peoples, and in reply expects the same with regard to itself.

The MSZMP has clearly defined its social role: to serve the people. The party does not command; it proves its case by persuasion. The party accomplishes the responsible task of leading the country jointly with state and public organizations. From the workers class and all working people it expects creative initiative and spontaneous activity. On the other hand, a great deal depends on the party itself and on its ability to consistently coordinate the various interests of the befriended classes and other social groups in Hungarian society.

Having strengthened organizationally and having worked out a clear and unmistakable program and an appropriate style of work, the MSZMP was able to win the confidence of the masses and to expand its social base. Ideological, political unity, and the unity of action within the party ranks was strengthening simultaneously with the growing confidence of the working people, and in cooperation with the latter.

Both party members and non-party members were waiting for an answer to the same questions; What was going on in the country between 23 October and 4 November 1956--was it revolution or counterrevolution? Were there grounds for asking the Soviet Union for internationalist assistance? How should one classify the activities of people who participated in strikes and protest demonstrations? What signified the turn taken by the masses against the party leadership--was it a rupture with socialism or dissociation from the errors committed? How should one assess the socioeconomic changes which took place between 1945 and 1956?

In that difficult period the MSZMP clearly answered all these questions that arose. The people's masses correctly interpreted and approved these answers. As is known, history does not repeat itself; but it turns out that life may ask that the answers already given be repeated. The point is that the younger generation is very interested in the 30-year-old events. With all their might bourgeois ideologists and the domestic political opposition try to distort the past, to turn everything upside down, to show the counterrevolutionary activities as a revolutionary outburst, to portray the strikes and demonstrations as a "legitimate struggle for freedom," and the entire period from 1945 to 1956 as times of lawlessness. They even go as far as to call for the rehabilitation of the counterrevolutionaries who were punished as they deserved, and to classify the internationalist assistance given by the Soviet Union as an infringement of the national sovereignty of Hungary. This slanderous anti-socialist campaign does not meet with any response among the working people; after all, the older generation has kept the developments in

mind. We possess authentic documents giving a truthful account of these events. The lessons of the past give grounds for the clear conclusion: The revolutionaries were right in their actions.

Our party's replies to questions which arose 30 years ago are now as topical as they used to be. In assessing the 1956 events, we proceed from the point that those who participated in the counterrevolutionary actions--irrespective of their intentions--took up arms against the socialist system in order to overthrow it, wanted to restore the old system and to tear Hungary out of socialist community. If the counterrevolution had succeeded in its plans, it would have resulted in the restoration of the previous sociopolitical and economic structures.

And if anybody still has doubts about the appraisal of the past, let him or her recall the tragic events of 30 October 1956 at the headquarters of the Budapest City Party Committee. One must not forget the murder of Imre Mezo who participated in the Civil War in Spain as a soldier of the International Brigade, and of a private soldier, and the torturing of innocent people. The counterrevolutionary "white terror" showed its true face not only in Budapest, but all over the country. The assistance given by the Soviet Union in crushing the counterrevolutionary revolt avoided further killings and intensified terror. No one must question its rightfulness; after all, it is well known that without any legitimate grounds Imre Nagy and his government broke international agreements by stating their intention to withdraw Hungary from the Warsaw Pact.

After putting down the counterrevolutionary putsch, the revolutionary forces consistently differentiated between the confused people, deceived workers and intelligentsia, and the malicious, conscious enemies. In the 12 years since the liberation of Hungary from fascism it was impossible to fill in the gap in the Hungarian people's political experience, to compensate for the lack of democratic traditions, and to remove from their consciousness the effects of a quarter of a century of the fascist yoke and of nationalist intoxication. The counterrevolutionaries profited by this, confusing and deceiving people. But the people's masses proved that what they resisted was not the idea of socialism, but the distortions of it, and the mistakes committed by leaders who infringed socialist legality.

The MSZMP gave an objective ideopolitical appraisal of the 1945-1956 period, and openly declared its support for the historic changes which had taken place after the liberation of the country from fascism. The creation of a state of the working people, the restoration of the country after World War II, the carrying out of a land reform, the nationalization of factories, plants, and schools, and the elimination of the old ruling classes--all these were tasks for the accomplishment of which history was ripe. We have no reason to be ashamed of the way we accomplished them. The source of our successes lay in the working people's persistent toil, their enormous political fervor and selflessness. In December 1956 the Provisional Central Committee of the MSZMP declared that the party would "defend and develop the historic achievements of socialist construction scored by our people in the last 12 years,

notwithstanding the erroneous methods of leadership, under the guidance of the Hungarian Workers Party which was, in its basic activity, a Marxist-Leninist party." (Footnote 2) (On the Events in Hungary. Facts and Documents. Moscow, 1957, p 130) However, the great achievements in developing socialism did not free the leaders of the Hungarian Workers Party of that time from responsibility for the errors which resulted from their secretarian and revisionist policy, from subjectivism. The MSZMP dissociated itself from them.

Having disclosed the causes of the counterrevolution, the MSZMP confirmed that the conclusions drawn from the analysis it had made were correct; and they are topical even now. In addition to the subversive work performed by our foreign and domestic enemies, among these causes the party listed the effects of sectarian errors and of right-wing opportunist and revisionist distortions.

And today many people are wondering: Was it possible to avoid the counterrevolution? Did the party need the counterrevolution to launch the process of renewal, or was the party itself able to disclose the distortions, correct the errors, and preclude the catastrophe? Was it possible to evade the cult of personality with its negative effects? This is not abstract philosophizing, but questions involving the historical lessons of the past and the activities connected with them. The search for a reply to them is not theorizing in abstract spheres, but a vitally important political problem.

Even today we represent the view that the crisis was avoidable. Moreover, at its July 1956 plenum the Central Committee of the Hungarian Workers Party, in the spirit of the 20th CPSU Congress, adopted decisions which strengthened the position of people able to change the political line and to make other positive changes. The plenum declared a struggle on two fronts, having noted in its decision that, whereas in the party there were "deep roots both of sectarianism and of right-wing opportunism" "the most consistent ideological struggle has to be waged" against both of them. (Footnote 3) (Quoted from The History of the Hungarian Revolutionary Workers Movement. Vol. 3. Translation from the Hungarian language. Moscow, 1974, p 243) The MSZMP Central Committee continued and deepened this work. It was emphasized that the errors committed were linked with infringements of the principles of collective leadership and with the cult of personality. In connection with this, it was essential to overcome a crisis in the party leadership and to eliminate the errors disclosed by the party itself. In its decision the Central Committee emphasized the importance of creative toil for socialist construction in Hungary. These ideas met with approval among the party members. The pursuit of a new political line began. A number of important decisions were adopted on modernizing economic management, rehabilitating the victims of lawlessness, and bringing to account those guilty of infringing legality.

However, the counterrevolutionary revolt which broke out on 23 October interrupted these processes. Therefore, it is quite right to conclude that neither

in Hungary nor in any other country were the cult of personality and its effects characteristic of building a socialist society. The changes which began in that period showed that by its own efforts the party would have been able to correct the errors committed in socialist construction, and to develop the process of renewal, if it had had to overcome only its own weaknesses and the resistance of domestic enemies. But intervention on the part of international imperialism called for international unity among the forces of socialism.

In the 3 decades the MSZMP has not forgotten the lessons of the past. As early as 1957 Janos Kadar said: "The counterrevolutionary rebellion was very detrimental to our party, people, and the entire country. But notwithstanding the enormous detriment, this heavy shock allowed the party and the people to acquire--although at a high price--experience and to learn lessons which, correctly taken into account, have enabled us to advance even more rapidly and even more successfully along the path of socialist construction." (Footnote 4) (J. Kadar, Selected Articles and Speeches (1957-1960) p 157)

The most important lesson was to preserve the leading role of the party. Historical experience proves that only a strong, well organized, and ideopolitically united Marxist-Leninist party is capable of leading socialist construction. This is precisely why the counterrevolution, in its attempt to shake the entire system of socialist rule, concentrated its main fire on the party and its cadres.

The MSZMP now has 871,000 members. Some 62 percent of them are workers, and 9 percent peasants; 80 percent of the present MSZMP members joined the party after 1956, and 0.5 percent were Communist Party members in the times of underground activity.

Our experience has taught us that, to exert the leading role of the party, it is essential to preserve inner party unity, and to prevent the formation of factional groups. The lack of unity opens the party ranks to penetration by left-wing, opportunist, and revisionist elements. And unity is a necessary condition for the independent and creative application of the theory of Marxism-Leninism, for creating a favorable political atmosphere and a critical disposition; it promotes initiative, independence, and a feeling of responsibility.

The MSZMP works on the basis of the Leninist principles of democratic centralism. The party is highly sensitive to left-wing distortions and revisionist deviations. It is not afraid of open discussions and, in the struggle for the line traced by it, it uses political means. The emergence of various, including erroneous, opinions in a discussion is natural. Such opinions are only dangerous when a principled answer to the question under discussion comes late or does not come at all.

The MSZMP is ideopolitically and organizationally united in all major issues and actions. The communists set an example in work and in behavior. Party discipline is strong, although under present conditions the firmness of the party members is subject to serious tests. We are aware of the fact that

unity in the party does not come by itself; it has to be constantly strengthened and adjusted to the concrete conditions of party and state development. The moral and political purity of party cadres exerts significant influence on the quality of party unity. Leaders must not only work out a correct policy and be well prepared professionally, but must also remain morally irreproachable. Unfortunately, even now there are individual cases of corruption, manifestations of selfishness, and power abuses. Some leaders occasionally prove to be irresolute and are afraid of conflicts and risk. For this reason we consistently criticize party members, above all leaders, who manifest these shortcomings, and the party gets rid of those who do not see the point of comradely criticism which helps correct the errors.

The leading role of the party also depends on the level of internal party democracy. The previous leadership made an error not only by consigning the principle of collective leadership to oblivion, but also by underestimating the importance of constantly analyzing the practical experience and signals from basic party organizations. This deprived it of the possibility of constantly correcting its policy. V.I. Lenin noted that "What applies to individual people, is also applicable--with appropriate changes--to politics and parties. It is not the one who does not make errors that is wise. Such people do not and cannot exist. Wise is the one whose errors are not very substantial and who is able to correct them easily and quickly." (Footnote 5) (V.I. Lenin, Complete Collected Works, vol. 41, p 18) Referring to the construction of an economic foundation for a new, socialist edifice, he wrote: "In this most important and difficult undertaking, we failed and erred the most. As if it were possible to launch such an absolutely unprecedented undertaking without any failures and errors! But we have launched it. And we run it." (Footnote 6) (Ibid., vol. 44, p 150)

Is the party leadership able or willing to correct the errors made--this is not only a question of style of work, but also a political question. Here is what Janos Kadar, MSZMP Central Committee first secretary, said in June 1957 at the MSZMP national party conference: "It is quite obvious that the well-known errors in the field of planning, the infringements of legality, and the errors in agrarian policy disclosed in June 1953 were very detrimental to the party, the country, and the people. But I think it would be right to say that the way in which these errors were corrected was ten times as detrimental as the errors themselves. After all, the party members and the people always understood that, in the process of work, errors are possible, and even serious ones. But they will never understand and will never forgive leaders when the latter repeat errors which have already been revealed, noted, called by name, and made known as such. This brings the prestige of the party and state leadership to nought, and this is why I say that red tape in correcting these errors proved to be much more detrimental to the party's links with the masses than the errors disclosed in 1953. Naturally enough, as a result of this in the spring of 1956 a large part of party members and of the country's working people were deeply and rightly displeased." (Footnote 7) (J. Kadar, Selected Articles and Speeches (1957-1960) p 164)

Political unity takes shape in the process of daily practices. The impressions formed by party members in the real world vary. The party leadership needs this experience very much, and for this reason, before adopting an important decision, it must familiarize itself with the opinion of party members, must listen to their advice. This takes much time and effort, but it is the only way to reduce the possibility of committing big political errors, and at the same time to increase the party members' interest in carrying out the adopted decisions; and this is an important means to strengthen the constantly renewed unity and to expand internal party democracy. The party tries to work out the way of settling topical questions openly in the process of public discussions, and aspires to achieve the broadest consent possible. This practice meets with public approval. These discussions reveal the occasionally differing interests of various classes and groups of society; and to harmonize these interests is the objective of the people's front policy pursued by the party.

An important conclusion which we have drawn from the past is that it is essential to openly conduct ideopolitical work among the masses, and to constantly organize the ideological education of the working people. Our errors were to a large extent caused by the low level of theoretical and ideological work performed by the party. The MSZMP has always considered it an important task to educate the masses in the spirit of Marxism-Leninism, and to raise their political consciousness. In its decision the 13th MSZMP Congress noted: "The perfection of ideological work is an inalienable condition for success in accomplishing sociopolitical and economic tasks.... Ideological work should help find Marxist-Leninist answers to new questions arising in the process of socialist development and from the changes taking place in the world, should help apprehend new ideas that promote social progress. This work must react without delay to any attempts to distort our principles and policy, no matter who makes such attempts, and must rebuff manifestations of voluntarism that are isolated from reality. The struggle against imperialist anticommunist propaganda, against bourgeois ideas, and against outdated views is to be waged resolutely, in adherence to principles, and by means of ideological and mass political work" (Footnote 8) (The 13th MSZMP Congress. Budapest, 25-28 March 1985. Moscow, 1985, pp 163-164).

The MSZMP is perfectly aware that people are exposed to various influences, that they reach various conclusions in life, and that their wishes occasionally do not coincide with the possibilities. In our creative work and social practice there are still many mistakes and undesirable phenomena. We also know that people frequently do not clearly realize what their prospects and interests are. All this may prove to be a source of erroneous political conclusions. The party must know the people's opinions, must take account of the moods of the masses, but its decisions must only be adopted with an eye on the possibilities existing in society. In explaining these facts a great role is to be played by ideoeducational work.

The political, ideological, and economic activity performed by the party and the state has to a large extent been affected by the adverse changes in the world economy and the international situation, as well as by the fact that

our tasks in socialist construction have become significantly more complex. Their accomplishment is not devoid of difficulties. In recent times, the extremist forces of imperialism have unleashed an unprecedentedly intense "psychological war" against the ideas of Marxism-Leninism and against the practice of real socialism. The embittered ideological struggle has also involved Hungary.

Because of the varying interpretation of definite decisions, objections to erroneous or hostile opinions have become enfeebled, even within the party. As J. Kadar noted, "A kind of enfeeblement was noticeable in the party ranks. Here and there, party members half-heartedly argued in favor of our ideas, our system, our policy. The aggravated international situation, the deteriorated international economic conditions, and more complex economic tasks aroused scepticism and uncertainty in the country itself." (Footnote 9) (Janos Kadar "For Peace and the Prosperity of our People" Budapest, 1985 p 92) [Footnote in Hungarian] It cost the MSXMP many efforts to overcome these negative phenomena and to create in the party--and in a wider sense, also in the country--a sound, candid atmosphere which ranked among our most important political achievements.

As a result of the practice of socialist development and the constant party efforts to shape people's consciousness, the overwhelming majority of people have accepted socialist achievements and valued them highly; they work to preserve them, are willing to develop them, approve all main political goals of the MSZMP, and actively work to achieve these goals.

In recent times, people's interest in international problems and in domestic economic and social issues has increased, and ideological sensitiveness has augmented. There are various opinions about our situation, and discussions on possible ways and methods of the country's social development have become animated.

Historical questions have become an important object of the ideological struggle. Party organizations have paid more attention to the correct interpretation of individual periods in Hungary's history after the liberation from fascist enslavement by the Soviet Army. In the period of the celebration of the 40th anniversary of the victory over fascism this work was particularly vigorous. While evaluating the historical path which we have covered, we explain the close relations between the workers movement and socialism, on the one hand, and the national interests of the country, on the other. Our propaganda always tries to view all questions of Hungarian history from the point of workers class interests, to assess them from the class point of view, from the ideological positions of Marxism-Leninism. We aspire to examine the path of socialist construction as the process of settling vitally important problems concerning national development, a contradictory process developing in accordance with the dialectical laws of continuity and renewal in socialism and on their own basis.

In ideological work performed in recent years, party organizations, aware of the increased importance of the human factor, have taken more--although

still insufficient--pains to boost the prestige of labor and of the laborer, to strengthen the spirit of collectivism, and to serve public interests. But frequently we are only partly able to confirm that these socialist values have prevailed over a completely different kind of values. Our ideological adversaries are trying to make use of our shortcomings and to profit by them in order to widely advertise the bourgeois way of life, to discredit our achievements, and to falsify true events in the past. In this way, although the main socialist moral values have been accepted almost universally, in Hungary there exist various elements, frequently opposing each other, and some of these elements are prone to the corrupting influence of bourgeois propaganda.

The MSZMP aspires to give socialist values decisive importance in society. For this purpose we enhance socialist ethics, highlight its main features, and help the principles of collectivism, equality, and justice to gain supremacy. We attach much attention to improvements in the socialist way of life.

The workers class of Hungary and its party are the true exponents of the national interests, the successors and continuers of our homeland's historical traditions, and the custodians of the true values of the nation's past. Our patriotism is inseparable from proletarian internationalism; they are the two sides of our dedication to socialism.

Party organizations take pains to consolidate the principles of internationalism and socialist patriotism, and to eradicate factors that feed the moods of both nationalism and cosmopolitanism. At the same time, work developing in the field of patriotic education has to some degree been hampered by the fear that we might be accused of nationalism. This fear is rooted both in our historical past and in the present international situation. We still have not succeeded in convincing the Hungarian public that our recognition of the frontiers of Hungary which emerged after World War II as the historical reality does not signify that we are indifferent with regard to people of Hungarian nationality living behind the borders of the homeland. But it is a domestic matter of each party and each people to settle the nationality problem, and the country's leadership bears responsibility for the way this problem--including the problem of national minorities--is being handled. This leadership is responsible not to any other country, but to its own people and to international progressive forces. We still have not succeeded in instilling in the consciousness of people the true fact that, since the construction of socialism does not erase specific national features (and this is indeed the case), the practice of settling the nationality problem may also vary on the same principles. Last but not least, the nationality problem in our policy must not be as emotionally charged as to push into the background the class point of view, because in that case, irrespective of our intentions we would act precisely against our national interests.

Party organizations aspire to instill in the consciousness of the communists and all groups of society the truth that national self-assessment can only be based on our economic and cultural achievements that boost the prestige of Hungary in the world arena. We argue that only socialism is capable of

ensuring quick--in historical terms--development for all peoples, including the Hungarians, and that the alliance and cooperation with the socialist countries stem from our principles and common goals which suit our national interests. We widely highlight the achievements of the countries of the socialist community, above all of the Soviet Union, and we show their efforts to accomplish the grandiose tasks of accelerating socioeconomic development, tasks set for them by the 27th CPSU Congress and by the congresses of other fraternal parties. The dissemination of the achievements scored by the socialist countries helps the masses to see the community of our interests, deepens friendship among our peoples, and strengthens the cooperation of the MSZMP with the CPSU and other parties.

Our experience shows that most people interpret patriotism, proletarian internationalism, and solidarity with the socialist countries, with the struggle waged by the communist and workers movements and by all progressive forces against imperialism and for peace and social progress from the positions of Marxism-Leninism; but, of course, this interpretation varies in various social and age groups. Only people with a Marxist world outlook can claim that their convictions in this regard have been fully consciously shaped on the basis of class positions. For this reason in the public consciousness we frequently run into, and have to fight bourgeois attitudes, principles, views, assessments, and concept mixed up with the socialist equivalents.

For this reason, in cultivating patriotism and internationalism among the Hungarian working people, the party aspires to improve and deepen its ideological work. We must familiarize people more thoroughly with the main concepts and principles of the Marxist-Leninist way of handling the nationality problem in order to avoid confusion in assessing the historical and political processes taking place in the world.

We proclaim again and again the position and political aspirations that the MSZMP bases on socialist patriotism and proletarian internationalism, and resolutely oppose both Hungarian and any other nationalism. The party considers it necessary to cultivate national pride as an important force binding our society, because we must not forget that in 1956 the counterrevolution played precisely on national emotions and, having opposed them to the objective interests of the country, deceived the people.

In its December 1956 decision, the MSZMP Provisional Central Committee emphasized that "in mechanically imitating the Soviet model and in wrongly interpreting Soviet-Hungarian friendship," the previous leaders "pushed the interests of the country into the background, underestimated and disregarded our progressive traditions, national and cultural values." (Footnote 10) (On the Events in Hungary, Facts and Documents, pp 122-123) The party will do the utmost to preclude such errors in the future.

The party considers its main task in ideological work to be to utilize Marxist-Leninist theory in a creative manner, and to work out its political line on this basis. The party aspires to defend its ideological position more boldly in all spheres of public life, which is remarkable for the way

it couples theory with social practice, for its scientific analysis, and for the increased cultural needs of the working people. The party considers it necessary to fight against simplifications, against the underestimation of theory, against philosophizing that is isolated from life, and against over-emphasis on practice; to consistently resist the falsifications of Marxist-Leninist theory and the distorted portrayal of party policy, and to resolutely criticize extreme radical and bourgeois liberal views. The right ideas of the party, its ability to renew and to integrate, and its attractive force can be attested to both in theory and in practice in creative discussions and controversies.

In working out activity programs for economic control, the MSZMP also takes into account the lessons of the past. The party has analyzed the achievements and errors of economic policy and practice in 1945-1956, has taken into account the effects of forced industrialization, as well as problems which resulted from the underestimated agrarian problem, from the lack of interest among the working people, and gaps in the centralized economic control. The development of production used to be regarded not as a means to improve people's living standards and to raise their prosperity, but as the goal of building socialism. As early as December 1956, the MSZMP Provisional Central Committee instructed "the government along with the appropriate state organs and the best specialists in economics to work out an economic policy that suits the new situation. All aspects of our economic policy have to be built with an eye on our economic possibilities and specific conditions. Far-reaching assistance is to be given to manifestations of personal initiative and to the application of specialized knowledge. In the interests of the national economy, the line of encouraging material interest is to be pursued in all spheres in order to enhance technological progress, improve the quality and reduce the cost of products, and to raise labor productivity. The importance of planning has not diminished, but changes have to be introduced into the range of planned targets, and above all it is necessary to pay attention to these concerning the most important proportions and sectors of national economic development" (Footnote 11) (Ibid. pp 133-134).

In the documents of the June 1957 MSZMP conference it was noted: "The party conference considers it necessary that the supreme organs of economic and state leadership accord the lower-level organs more independence than before. Centralized leadership has to be combined with the independence of local organs in such a sound manner as to upgrade planned leadership and to help widely develop initiative in the field." (Footnote 12) (The National MSZMP Conference (Budapest, 27-29 June 1957) Moscow, 1958, p 120)

In its October 1957 decision, the MSZMP Provisional Central Committee Secretariat emphasized that, to accomplish the production tasks confronting us, party committees and organizations had to pay more attention to invigorating the technical intelligentsia.

All these ideas were laid into the groundwork of our economic policy and practice in the past 30 years. In the first decades after the counterrevolution putsch, the party sought to correct the economic errors committed in the

12 years following the liberation. The previous confusion and the changing guidelines were replaced by the pursuit of a calm, firm, and stable economic policy. The economic balance provided conditions for general political consolidation on the one hand, and on the other for the collectivization of agriculture, which was concluded in 1959-1961. One of the most essential features of the economic policy pursued in that period consisted in the changed attitude to the problem of the population's living standards. The requirement to steadily raise living standards by means of socially necessary and more effective labor became programmatic. People were given the chance to have their honest earnings satisfy their needs in a more differentiated way, and to have a wider choice. All this motivated them to work ever better.

Unlike in the previous period, in its economic policy the party has taken fuller account of the peculiarities of the country's development and has paid more attention to scientific-technological progress. As early as 1957, the Central Committee pointed out that, as a small country, Hungary was unable to keep pace with rapid technical development by means of its own research; consequently, we had to concentrate our efforts on fields which best suited our conditions and possibilities, to make use of the results achieved by other countries in other fields.

But it was not easy to reach these goals, because capital investments in the economy absorbed a significant part of available funds and thus restricted the material base for developing technology, for restructuring industrial production, and for modernizing agriculture. In step with political consolidation, various group and branch interests were becoming increasingly obvious and jeopardizing economic and scientific-technological progress. In elaborating the concept of economic development, the MSZMP also took into consideration the possibilities of cooperation among CEMA member countries. This cooperation was based on the document adopted in Moscow on 6-7 June 1962, "The Main Principles of Socialist International Division of Labor." It is to be noted that the excessive hopes aroused by the quick economic consolidation and by successes in international economic cooperation also resulted in errors. Thus, in the process of planning, considerations for national conditions and possibilities were pushed into the background. The 20-year plan for national economic development, approved by the Eighth MSZMP Congress in 1962, envisaged an increase in industrial production 5 times, and in agricultural production 2.5 times. (Footnote 13) (Protocol of the Eighth MSZMP Congress, Budapest, 1963 pp 450-452) [Footnote in Hungarian] These targets proved to be impracticable.

By the mid-sixties, conditions became suitable for improving the system of economic control. We realized that sources for the extensive economic development were running dry, and that the main emphasis had to be put on raising effectiveness, on improvements in quality, and on better labor organization. The 1968 economic reform freed some forces in the national economy. Centralized economic management improved, and the effects of the law of demand and supply were better taken into account. The ability to adapt to the requirements of social development increased. Unutilized reserves also gradually came to light. People joined ever more actively in preparing decisions which had to be adopted by labor collectives. Therefore, we are in the

position to say that the main principles of the economic reform carried out nearly 20 years ago were implemented and proved themselves, and the correction introduced in progress did not result from any defects in policy, but were a natural phenomenon of life.

Unfortunately, in 1973-1974 Hungary was late in realizing the changes taking place in the world economy and to take opportune measures. It ran into debt on both the socialist and the capitalist markets. For this reason, late in 1978 we deliberately slowed down the pace of development, moderated the growth of the population's living standards, and restricted imports of materials needed in production, as well as of machines and equipment for reequipping production. The results of these measures were significant. The debts decreased, the national economic situation stabilized, and Hungary's economic positions in international trade improved. But this policy also proved to have negative aspects. A protracted slow pace of economic growth and significant pecuniary obligations tend to preserve the economic structure which is obsolete anyhow, restrict allocations for technological development, and require great efforts to maintain the achieved living standards.

The goals of our economic policy are invariable. They have been defined in the 13th MSZMP Congress' decisions and in the law on the Seventh 5-Year Plan for national economic development. The party intends to do its utmost to pay off the debts and, at the same time, to preserve the national economic proportions, to maintain the achieved living standards of the population, and then gradually raise them. We aspire to hasten the pace of economic construction and to improve the technical base of production, and for this purpose we need more simple and effective means. To this end we need to improve centralized planning and planning at enterprises, to develop the system of economic regulation, to improve economic links between organizations, and to tighten labor discipline.

In overcoming economic difficulties and objective contradictions, the party and state rely primarily on their own forces. But we also firmly count on the possibilities of mutually beneficial economic cooperation with the socialist countries, and above all with the Soviet Union. For this reason Hungary actively participates in implementing the CEMA Comprehensive Program for Scientific-Technological Progress for the Period up to the Year 2000. The founding of joint enterprises and cooperation in scientific research promises large reserves. This was pointed out by M.S. Gorbachev in his speech at the Czepeľ meeting of Hungarian-Soviet friendship in Budapest: "The point is now also to switch international cooperation among the socialist countries over to intensive tracks, to make this cooperation deeper and more effective, and to renew the mechanism of political and economic cooperation, including within the CEMA network." (Footnote 14) (The Visit Paid by M.S. Gorbachev, CPSU Central Committee General Secretary, to the Hungarian People's Republic on 8-9 June 1986, Documents and Materials. Moscow, 1986 p 19)

During their talks the leaders of the two fraternal parties noted the importance of the 27th CPSU and the 13th MSZMP congresses, and emphasized that the common goal of the CPSU and the MSZMP was to accelerate socioeconomic development and scientific-technological progress. In accomplishing these tasks,

"particularly important are the traditional candid, comradely relations between the CPSU and the MSZMP, their mutual solidarity and support in accomplishing outstanding tasks, and the regular, effective exchange of opinions and experience. Between the two parties there exists a complete identity of opinions with regard to all basic issues concerning social development and world politics. The CPSU and the MSZMP are in favor of further deepening Soviet-Hungarian relations on the basis of the principles of Marxism-Leninism and socialist internationalism. They will continue to act in the interests of improving cooperation and learning and utilizing each other's experience which increasingly helps to move forward the cause of socialist construction." (Footnote 15) (Ibid., p 6)

The 30 years of struggle waged by the MSZMP for the prosperity of the Hungarian people have proved to be very effective. The citizens of the Hungarian People's Republic now live incomparably better than 3 decades ago, although they also have difficulties. One can state without false modesty that the Hungarian People's Republic enjoys respect among the countries of the socialist community and among progressive forces all over the world. Although the past 3 decades were not free from errors and miscalculations, with their toil our people created significant values in this period. However, these achievements can only be adequately assessed and comprehended in conditions of peace and of the new epoch of international cooperation. For this reason the MSZMP is resolutely in favor of peaceful coexistence among countries with different social systems, of nuclear disarmament and arms reduction, and in full harmony with the people stands up for implementing the proposals set forth in the message adopted by the Budapest conference of the Political Consultative Committee of Warsaw Pact member-states. This message states that the Warsaw Pact member-states "support the program brought forward by the Soviet Union for the full and general elimination of nuclear and other mass destruction weapons before the end of the current century. They are convinced that the cessation of nuclear tests, nuclear disarmament, the preclusion of the arms race in space, the banning and elimination of chemical weapons, and other disarmament measures would lead to the creation of a safer world for the European peoples, for peoples all over the planet." (Footnote 16) (The Conference of the Political Consultative Committee of Warsaw Pact member-states, Budapest, 10-11 June 1986. Documents and Materials. Moscow, 1986 p 26)

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"Voprosy istorii KPSS", 1986

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CSO: 1807/97

MOZGO VILAG ROUNDTABLE ON REFORM, PUBLIC OPINION

LD082148 [Editorial Report] Budapest Domestic Service in Hungarian at 2130 GMT on 5 December carries a 1 hour 25-minute roundtable discussion program organized by the MOZGO VILAG magazine, dealing with "our recent past and the present." The program is presented by Gyorgy Ballo, and the participants are political scientist Mihaly Bihari; Academician Jozsef Bogнар; and Janos Peter, deputy president of the National Assembly.

Ballo opens the program by asking the participants to say which year they regarded as the most important turning point during the past 30 years. Bogнар says "1968, the beginning of the new economic mechanism"; Peter chooses 1963, "the year when the Hungarian question came off the UN agenda," and Bihari selects 1966, "when the party Central Committee approved the proposal to institute economic reforms." The conversation turns to the years preceding the reform. Bogнар notes that a government commission, of which he was a member, drew up rather similar reform plans as early as in 1957, but says that at that time the constellation of powers was not such that these plans could be implemented. Peter notes that in 1962 the party decided to expel those who had been responsible for the political distortions during the 1950's, which made it possible to begin the preparations for the reform.

Ballo asks Bogнар who gave the green light for the reform. Bogнар says that in 1964 he was invited to head a UN planning college in Africa. He went to see Kadar to ask whether he should accept. "This was around the end of 1964, the beginning of 1965. From the conversation which I had with Kadar I was sure that Kadar, at least as far as he was concerned, decided in favor of a reform. The way in which he put it to be that it would be better for me to stay at home suggested this. He did not say it quite plainly, but from what he said I understood that the possibility of reform could come up."

Ballo responds by saying "I agree that 1968 was a key year. Now if we were to take stock of that year, one would have to say the following: Despite a strong but not invincible professional opposition, with the help of a decisive though not united political support, with extremely little if any external support, and with minimal economic reserves, we launched the reform. Did you consider at the time that this reform would have consequences which were very difficult to foresee then?"

Bognar says "Let me speak on my own behalf. I was certain about certain things. One of these was that the reform would have to be continued in some direction. The idea was not that we would introduce a final system of economic management on 1 January 1968. When introducing a new system of management it is necessary to take into consideration the existing relations of power, the willingness of the country to accept something new, including enterprise managers, foreign trade specialists, and so on, and I thought that we would have to be very cautious in two areas. One of these was foreign trade, which required very careful handling if only because of the CEMA connection, and the other was a question of how to carry the reform over into other areas. It is perfectly obvious that the functioning of an economic system is an integral part of the functioning of the social system. It is impossible to carry out an economic reform and leave the social structure and everything else undisturbed. This was quite clear. We were rather optimistic that this would get underway, would have certain successes, would alter the power relations, and as a consequence it would be possible to extend the reforms."

"In practice this was not quite what happened. The events of Czechoslovakia presented one of the problems. As a result of these events the reform movement reached a nadir everywhere in the socialist world, with the exception of Hungary. Even those countries where reform ideas were being developed, abandoned them. The external situation became more difficult. From another aspect, it is obvious that decision means power, and when one changes a system of decision-making, in a certain sense one changes the system of power, as well as changing the distribution of incomes. In society the distribution of power and the distribution of incomes are the two most salient factors. Whenever one institutes changes in these areas, one provokes a reaction. It is obvious that a stratum evolves which opposes the reforms. Finally, phenomena arise which we may not have expected before the introduction of the reform."

"Let me give you an example. In the beginning I thought that the writers would support the economic reform. Whenever I looked at literary life, I saw that the writers were asking for more freedom of literature. We wanted more economic freedom. But freedom is freedom. Thus I thought that I would be supported. Then Peter Veres launched a strong attack against me in NEPSZABADSAG over the economic reform. A long debate followed. Why? Because he lived in a value system in which the economy was of secondary and culture of primary importance, and he thought that our placing the economy in the center meant that culture was being pushed into the background. He was not alone, and there are still people who hold roughly the same view."

"The other thing that surprised me a little was the conduct of the enterprise managers. Once again, I had thought that an enterprise manager would support reforms which would give the enterprises greater independence. In practice, to understate the matter, there was a majority of enterprise managers who did not want to give up the security provided by a central management system in which their own responsibility was impossible to define. This was connected with the fact that after the nationalizations, the selection of enterprise managers was based on loyalty rather than on economic abilities."

At this point Bihari notes that the political-tactical aspects of the introduction of the New Economic Mechanism had not been worked out sufficiently well. People were not warned in advance that there would be rich people as a consequence. The social sciences were lagging behind the political sphere and failed to give adequate warning that consciousness could not be altered very quickly; what is more, that interests had a stronger effect than persuasion.

Ballo continues: "The reform got under way in 1968. What happened then? To which Bogнар replies: A situation arose which I could term a standstill. The reformers were not strong enough to develop the reform, and the other side was not strong enough to restore the situation which had existed before the reform. As a consequence, verbally everyone went along with the reform, but they said that it had faults which had to be dealt with. Since at that time the constellation of power was such that those who were against the reform were stronger than they had been before, a great many decisions were brought in which though they did not undo the reform, did not allow it to advance further."

Ballo asks the participants if they can perceive any continuity during the past 30 years, and the answer is that the continuing element is the search for a path. Bihari says that one of the essential developments has been the incorporation of professional skills, such as the skills of the economist, into what is still largely a centralized system of direction and reproduction. Another important development has been the progress in the sphere of democratization, paying cognisance to different interests."

Ballo continues: "Let us collect some ideas about the future. In November, 1956 Soviet forces had to put down an armed uprising here. Thirty years later, in August 1986, the U.S. TIME magazine, perhaps the most prestigious news magazine in the world, put Janos Kadar's picture on its front cover. The magazine published what is in my view an unequivocally positive article, and an interview, with Janos Kadar. This is some sort of framework for looking at these 30 years. At the same time, there is a passage in this article in which the author quotes a Hungarian journalist, whom he met in Budapest, who said that at the present time public mood in Hungary is more tense and more resentful than at any time since 1956. What is your opinion?"

Bognar replies: "I think that the mood of the public is in fact worse than the actual situation. Hungary's situation is difficult, but the atmosphere in the country is even worse. This is connected with many factors. One is that the view of the world, which has expanded a great deal in recent years, is not yet wide enough from the point of view of appreciating the true significance of the indebtedness of the country. For example, many people regard it in a more negative light than is justified. It is quite natural that a small country has debts. The problem is not that a country has debts, the question is why. The problem with the earlier indebtedness, the indebtedness of the 1970's, was that we did not develop export capacity while getting into this debt. But if we take up credits and use them to develop capacities with which we can increase our exports, there is nothing wrong with this."

"At the present time there is an economic policy in Hungary which puts into effect what are necessary restrictions without being sufficiently determined about advancing development. This is my view. Thus, it is my view that there is plenty of scope for change here, and the change has to be primarily in an export-orientated direction. There are shortcomings in the economy, in economic policy, as it has developed to the present. The essence, however, is that our international reputation is better than the value judgment of a part of public opinion at home."

Bihari responds: "In my view, public opinion is more differentiated than ever before, and its views are expressed more openly than ever before. In my opinion, it does not follow from this that the public mood is worse. I strongly disagree with the view which, motivated by some sort of political fear psychosis, talks about the worse public atmosphere since 1956. In my opinion, public opinion is more differentiated, more openly expressed, but not hostile. At least, the hostile view is rather restricted to a narrow circle. In my judgment the legitimacy which has developed in society over 30 years has a stormy basis of trust. This does not mean that everyone accepts this regime uncritically, as it is; rather, people accept it and regard it as their own through criticism."

Peter enters the discussion by saying: "I think that it is fortunate that we are talking about this public opinion at a round table discussion organized by MOZGO VILAG. Both the positive and the negative features of this public atmosphere arise from the fact that we are not sufficiently aware of what it means to live in a world in a constant state of flux. We ought to be more aware of the processes involved in the international and social changes. In 1953, there was the Berlin crisis. The weapons could not be kept still for 3 hours; this is how dangerous the situation was. It was necessary to intervene with tanks and other bloody means in order to solve the crisis. In 1956 was the Hungarian October. At that time it took months of thinking about how the Hungarian crisis could be solved; whether it could be solved by political means, or whether there would be a need for a bloody attempt at a solution. In 1968 came the Czechoslovak crisis, where there was a justified assumption that it could only be solved through a civil war. Then came the Polish crisis of 1981. I think here in Hungary we are not sufficiently aware that Hungarian internal and external policies represent--I will now use a dangerous expression--an international model which provides some sort of guidance for the further development of the present world situation. This is why Kadar is so celebrated internationally. Because I remember articles in TIME, published in 1957, attacking him and the Hungarian People's Republic. By then, people could hardly understand these articles."

Bognar interjects: If I look at the crisis phenomena throughout the world, and there are plenty--alright, for example, Spain is developing rapidly, but there is the Basque problem, which I would not like to have--they exist everywhere because history has reached a turning point, where these things everywhere turn into sharp confrontations. At a time like this we have been able to

maintain a calm, balanced public mood. I think there is considerable progress being made and even if faith in some leaders has eroded, the way in which Kadar is accepted by the public opinion of the country, his popularity--and his popularity is not the artificial kind where a propaganda boss is told that as from tomorrow he has to have someone celebrated as a great leader--is a public opinion coming from below. I think that the country has developed a great deal with regard to these issues."

Ballo asks: "Is there anything to add to this?"

Bihari replies: "Yes, you asked about public opinion. I spoke about public opinion and not how I see the actual situation of the country. I believe the fact that last year was the first one since 1956 in which productivity decreased instead of increasing is a very serious warning, and not the last. The fact that it seems that the real wages of certain strata have almost continuously decreased for the last 5 years is an extremely serious warning--as is the fact that half the pensioners have a pension below 3,500 forints; the suicide rate is 4.5 per thousand, with which, unfortunately, we are one of the first in the world; the extent of alcohol consumption, divorce, and so on; the low birth rate, the reduction in the average life span; these are unfortunately extremely serious mass phenomena. Or, for example, the rate at which managers are burned out: The use of medicines, managerial diseases among those in leading posts, is unbelievable. Somehow our society uses up not only old people, but those of an active age to a much greater extent than other societies around us, even when we compare ourselves with other socialist societies. We cannot therefore say that this is a socialist feature."

Ballo asks: "In the 1960's we believed in a great many things; then came the 1970's, when humanity suddenly realized that growth was not unlimited; we have global problems; thus, we need quite a different vision of the future than the one which existed earlier. Well, in this world, here is this country of 10.7 million people, a country whose survival is questioned by many people, while others are talking of catching up, of overcoming the handicaps. How do you see the prospects or guarantees of catching up?"

Bognar replies: "I do not believe in guarantees. I say that the system of conditions necessary for this can be created in Hungary. We have the human material with which this can be done if the political leadership does it in the right way. There is no guarantee."

"I think that the country will be able to stand its ground, and it has proved sufficiently mature to be able to do what it does without extreme swings. This is very significant from the point of view of the fact that the only path we can follow is the path of reforms. We can follow this path, but every reform uses the best forces of the country in the interest of making progress, and we must not get into a situation when issues sharpen to such an extent that one side forces the other into immobility.

Ballo asks: "Can I interpret what you have said as meaning that the fundamental precondition of our catching up is the preservation and continuation of the reform?"

Bognar responds: "Yes, the continuation of the reform and our making full use of the international possibilities.

Bihari says: "The future that we would like is the strengthening of the democratic processes, and through them the strengthening of reproduction, in a very broad sense, not only in the economic sphere but also in the others, biological reproduction, the reproduction of the value systems and every social institution."

Peter notes: "I think we are coming closer to formulating where the guarantee lies. When there are phenomena such as the sidewalk being taken up just after it was renewed, with the help of the most modern solutions; when people see the confused state of affairs, it is obvious that they do not feel more confident in the handling of affairs. But I think there is a growing demand in society for the democratic discussion of matters, and for a guarantee that matters will be settled in a democratic way. At the same time there is a growing realization that economic cooperation, both with the socialist countries and with the developed and developing countries, must be made more intensive. There is a need both for cooperation with CEMA and participation in the International Monetary Fund in order to solve the country's economic problems."

Ballo concludes the program by thanking the participants for the conversation.

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CSO: 2500/114

BRITISH PARLIAMENTARY DELEGATION VISITS

LD030003 Warsaw PAP in English 2028 GMT 2 Dec 86

[Text] Warsaw, Dec 2--A delegation of parliamentarians from Great Britain, including representatives of the two houses both of Conservative and Labour Parties, are paying a visit to Poland.

The British parliamentarians paid a visit to Sejm Speaker Roman Malinowski. Taking into account the visit by the SEJM delegation to Great Britain last February, the present visit shows that contacts between the two parliaments are developing favourably and contribute to enlivening Polish-British cooperation in other areas.

During his talks with the British guests, SEJM Speaker Roman Malinowski recalled an initiative forwarded by Wojciech Jaruzelski to hold a meeting in Warsaw in 1989 of representatives of countries-signatories to the CSCE Final Act on the 50th anniversary of the outbreak of the 2d World War.

Head of the British delegation of the Interparliamentary Union Sir Bernard Braine, who represents the Conservative Party in the House of Commons, expressed satisfaction over the Polish visit which, as he put it, will undoubtedly serve the development of Polish-British friendship and will make it possible for the British parliamentarians to better familiarize themselves with and understand Polish problems.

Next the British delegation held talks with members of the Polish-British Parliamentary Group. The meeting was chaired by Deputy SEJM Speaker Mieczyslaw F. Rakowski.

While expressing approval for the decision to free all Polish non-criminal prisoners, the guests were asking about the present state of respecting human rights in this country. A lot is being done in this regard, Polish deputies said, but as a rule this is hardly appreciated by the West.

Both meetings were attended by British Ambassador to Poland Brian Leon Barber.

In the afternoon the British guests paid a visit to the Foreign Ministry and the Institute for the Study of Market Conditions and Prices in Foreign Trade. The British delegation is composed of: House of Commons members David Amess and Roy Galley of the Conservative Party, David Clelland and Tony Lloyd of the Labour Party and Member of the House of Lords Nora Ratcliff David of the Labour Party.

OPZZ CHAIRMAN MIODOWICZ INTERVIEWED

AU191801 East Berlin HORIZONT in German No 11/1986 pp 11-12

[Interview with Alfred Miodowicz, PZPR Central Committee Politburo member and chairman of the OPZZ, by Gertraude Barth--date and place not given]

[Text] HORIZONT: The second general assembly of the Polish trade unions will be opened on 26 November. How do you assess the development of the movement on the eve of this event?

Alfred Miodowicz: The trade union movement in our country redeveloped in a hard political-ideological conflict. Its strength is based on the enterprises' trade union organizations; there are 26,000 such organizations. Of the present 6.5 million members, 60 percent are workers.

Our trade unions are class trade unions, they are independent and have self-management. At present 131 of the 133 nationwide trade union organizations, that exist in 26 branches, are united in the OPZZ. The structures are very multifaceted. We have uniform branch trade unions for teachers and printing workers; the smelters have a classical federation, where an entire branch forms a federation; in the foodstuff branch, however, there are 16 federations. Thus, cooperation within the OPZZ is not at all easy.

At the second general assembly we want to adopt a statute providing for closer cooperation between the trade unions united in the OPZZ. At present we regard this as the best possibility. Further organizational consolidation will certainly be a longer process.

HORIZONT: What principles are important for the uniform action of the Polish trade union movement?

Alfred Miodowicz: We clearly spoke out in favor of building socialism in Poland and for respecting the leading role of the PZPR. We base ourselves on the progressive traditions of the trade union movement in Poland. The 10th PZPR Congress stressed the great significance and the position of our trade union movement in the sociopolitical life of our country.

Our trade unions are a true partner of the party and the government in solving all questions concerning the working people and the defense of their interests. In this connection, we are based on the well-known agreements concluded in Gdansk, Szczecin, and Jastrzebie in August 1980. Thus, no one can question that we are the authentic representative of the working people in our country.

For future work we developed a program which will be presented to the second general assembly. It is written in such a form that any worker can read all of it in the breakfast break, for we want to reach as many as possible.

HORIZONT: Could you mention the most important ideas of this draft?

Alfred Miodowicz: It stipulates that the trade union movement is the biggest organization of the working people in Poland. Its main task is stipulated as the defense of the working people's rights and the representation of their interests. It states that the trade unions regard themselves as co-landlord of the country and support the improvement of socialist democracy and the economic reform. We are striving for a real minimum wage [realen minimallomn] and the stipulation of a "social minimum." We stress in the draft that we want to contribute to augmenting the national income in order to distribute it later in accordance with socialist principles.

HORIZONT: What are the tasks of the trade union organizations in the enterprises after the 10th PZPR Congress?

Alfred Miodowicz: With the trade union law of October 1982 and its amendment in July 1985, the trade unions again received a right to co-determination and decision in the enterprises. Their position is essentially strengthened by the fact that they received the right to represent the entire personnel of the enterprise. Also in this connection, the view of the trade union was taken into account that, to the advantage of the enterprises' staffs and in the overall social interest, only one single trade union organization should be active in every enterprise. These organizations consider themselves responsible above all for working and living conditions, accident prevention, and the health and recreation sectors. The trade union must also be interested in the efficient work of the enterprise. In our view, it is to work to ensure that part of the enterprises' profit will be used to modernize the enterprise, to improve working conditions, for accident prevention, and so on. The trade unions support rationalization experts and inventors. One problem which is also our concern is the observance and utilization of worktime, as well as wages, in accordance with performance. At present skeleton wage agreements are being discussed. The Sejm is dealing with that: in the Sejm the trade union is represented by a group of deputies of its own. In our country there are still many social problems. It is important that people feel that the trade union is doing something for them. Therefore, we also must improve the efficiency of our own work.

HORIZONT: How are the international contacts of the Polish trade union movement developing?

Alfred Miodowicz: At the 11th World Trade Union Congress in Berlin I was able to state that the Polish trade union movement has returned to the WFTU. We have never been, we are not, and we will never be a passive member of the WFTU. We want to make our active and constructive contribution to the joint activities to defend the rights and threatened interests of the working people and of states and peoples, for the protection of world peace and to support the idea of universal disarmament. Of course, our relations with the trade unions of the fraternal socialist countries have developed very well. Here I want to stress the large number of enterprise collectives that cooperate directly, as well as the vacation exchanges. In this connection there has been an admirable development, and the enterprises are organizing this completely independently. Our contacts with the trade union movements in Latin America, Africa, and Asia are becoming more and more active. The process of normalizing our relations with the trade union centers of the West European states is more difficult, although we are able to note progress. There are contacts--above all on a branch level--with Portugal, the Baltic Sea countries, England, and France; during our official delegation's visit to Austria in October this year we redeveloped our traditionally good cooperation with the Austrian Trade Union Federation. We hope to be able to welcome many foreign delegations at our general assembly. Everyone who wants to acquaint himself with our reality, can count on our invitation.

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CSO: 2300/128

BRIEFS

ASYLUM IN ITALY--Rome, Nov 25--Some 12,000 Poles applied for political asylum in Italy between 1959 and 1986, according to figures released here of late. The number does not cover those who refused to return to Poland but did not apply for the asylum. A considerable part of the defectors participate in very expensive trips or arrive in Italy in their own cars, and have never had anything to do with politics in Poland. It is worth quoting excerpts from applications filed with the Polish consular department here by people who want to return. Ryszard T. of Wroclaw for one, with a salary totalling some 45,000 zlotys, while applying for his Polish passport (the police take the passports of those who stay in Italy) and a return ticket, write: "Living conditions in the camp at Latina are more than bad. Insects, dirt and stink. The psychological atmosphere requires great resistance from the people." Representatives of the Polish consular mission denounced rumours of alleged repressions towards people wanting to return to Poland. "On the contrary, we try to help every honest Pole to return home, provided he did not act to the detriment of the homeland, and we do not lay down any conditions," they said. [By PAP correspondent Bozydar Sosien] [Text] [Warsaw PAP in English 1300 GMT 25 Nov 86 LD] /8918

SEJM COMMITTEE ON 1987 BUDGET--Warsaw, Nov 26--The Sejm National Defence Committee during its debates, chaired by Deputy Henryk Jablonski (PUWP), discussed here today the part of the government draft budget law for the next year which deals with the problems of defence. The debates were attended by top officials of the Ministry of National Defence, Supreme Board of Control NIK, State Planning Committee and the Ministry of Finance. The report concerning the draft was delivered by Deputy Stanislaw Gucwa (UPP). Deputies agreed that the draft assumes the satisfaction of needs indispensable to maintain an appropriate degree of the state's defense capability, taking into account the economic capabilities of the country. The Sejm National Defence Committee has requested the Sejm Planning, Budget and Finance Committee to present to the Sejm the motion to adopt the draft budget law in part concerning the Ministry of National Defence as presented by the government. [Text] [Warsaw PAP in English 1539 GMT 26 Nov 86 LD] /8918

CULTURAL, SCIENTIFIC TALKS WITH IRAN--Warsaw, Nov 26--Talks on cultural, scientific and technological cooperation between Poland and the Islamic Republic of Iran in the years 1987-1988 were held the Polish Ministry of Foreign Affairs in the past 3 days. The talks ended with the initialling of a

programme of cultural, scientific and technological exchange for that period. A delegation of the Iranian Foreign Ministry, led by head of Department for Cultural Relations N. Shadnoosh [name as received], was received by Deputy Minister of Foreign Affairs Jan Majewski. [Text] [Warsaw PAP in English 1945 GMT 26 Nov 86 LD] /8918

ORZECZOWSKI, DRA AMBASSADOR MEET--Warsaw, Nov 26--Poland's Foreign Minister Marian Orzechowski received today newly appointed Ambassador of Afghanistan to Poland Abdul Qadar. The two discussed the most important issues of bilateral relations and some aspects of the political situation around Afghanistan. [Text] [Warsaw PAP in English 2215 GMT 26 Nov 86 LD] /8918

PZPR CC POLITBURO MEETING--Warsaw, Dec 2--The PZPR CC Political Bureau met today to acquaint itself with the course and results of the congress of reborn Polish trade unions. The bureau also discussed materials for the third PZPR CC plenary session and reviewed the draft central plan of implementing the resolution of the 10th PUWP Congress. [Text] [Warsaw PAP in English 2000 GMT 2 Dec 86 LD] /8918

HUNGARIAN TU DELEGATES VISIT--Warsaw, November 26 (MTI)--A Hungarian trade union delegation, headed by Sandor Gaspar, president of the Central Council of Trade Unions, arrived in Warsaw on Wednesday to attend the 2d Congress of the Polish National Trade Union Accord. [Text] [Budapest MTI in English 1440 GMT 26 Nov 86 LD] /8918

CSO: 2020/34

LARGE FAMILIES NOTE FINANCIAL PROBLEMS, EMOTIONAL STABILITY

Warsaw ZYCIE WARSZAWY in Polish 17 Sep 86 p 3

[Interview with Halina Lesnicka by Dr Jan Kordos]

[Text] [Halina Lesnicka] Research on family budgets has shown that at present families in which both parents work are experiencing difficulties in bringing up one or two children. What, then, is the situation of large families?

[Dr Jan Kordos] One of our latest research projects was voted to large families. This research, conducted in the first quarter of 1986 by the Main Statistical Office department of social research used a representative sample of 3,283 families that had already participated in several projects concerning family budgets, including 2,206 large families, i.e., families with three or more children.

[Question] How many of these families are there in Poland?

[Answer] One-parent and large families account for about 15.5 percent of all families in our country. They require particular attention and care by state social policies because frequently they cannot manage. There are over 1,100,000 large families with nearly one-half of all our children. The majority (68 percent) have three children. However one out of three large families has four or more children. There are 688,000 workers' families, 224,000 peasant-worker families, 183,000 peasant families, and 28,000 families who are supported by retirees or who collect family benefits.

In more than half of large families at least two persons are gainfully employed; as a rule, the father (93 percent) is employed but frequently the mother (64.5 percent) or grown-up children are also employed. There is a high percentage of working mothers because of women engaged in farming or helping on the farm (27 percent).

Children in these families attain economic autonomy quite early and start working for compensation. According to our findings, 14.9 percent of children in the 16-17 age bracket and over 70.2 percent in the 18-19 age group start to work. The aid provided by adult working children is of great importance. As long as they remain in the household, they contribute to the support of their younger siblings.

It is, no doubt, easier to support families with two or more members working. Nevertheless, over half (68 percent) of large families experience financial problems. Almost half (44.8 percent) can be included in the low-income group, i.e., less than 7,000 zloty per person per month. This was the income of two-thirds of families with just one person working and of one-third of families in which two people work. In one out of five of these families, the mother worked exclusively in the household and, quite understandably, was not gainfully employed.

The most difficult was the situation of large families in which no one worked. As many as 84.5 percent of these families failed to attain 7,000 zloty per person per month. One out of three families supported by retired people had an income below 5,000 zloty per person per month. The best situation is that of large families who live in the same household with grandparents. These families live in their own houses in the country. The grandparents take care of the children, take part in farm work, and often help the family financially.

Most large families (nearly 60 percent) live in the country. Those who live in towns most frequently come from large rural families in which nearly half of fathers and mothers had three or more siblings. This means there is a large-family tendency handed down from generation to generation. Hence, the large-family model seems to be hereditary. The mother most frequently is a grade school graduate. This is also true of the majority of fathers.

[Question] Are there large families in which both parents are graduates?

[Answer] There are very few. Our research has shown they account for only 2.8 percent. They frequently come from rural areas even though in recent years there are more intelligentsia families with two or three children.

[Question] How do large families assess their financial situation?

[Answer] When asked how they managed their budget, they most often stated that they were compelled to lead a very thrifty life in order to set some money aside for major purchases (47.3 percent). Nearly one out of five families stated that it led a frugal life and had enough money for everything; one out of four large families had enough for only the cheapest food and clothes. Seven percent of families had enough for the cheapest food but no money for clothes, and 1.4 percent did not have enough for even the cheapest food and clothing. Only 1.6 percent of families said they had enough for everything, while 4.4 percent said they lived at the poverty line.

[Question] These are subjective evaluations which do not invariably reflect the actual situation. What were the more objective yardsticks applied in your research?

[Answer] Among other matters, we conducted research on durable consumer goods owned by households. It differed substantially from Poland's average

levels. Large families had fewer color televisions and fewer washing machines, which they obviously need. Only 23.9 percent of large families own them as compared to 27 percent for all families in Poland.

Against this background, it is rather surprising to find the relatively high number of large families owning automobiles: one family in three in the countryside, and one in four in towns compared to the national average of one in five families.

However, large families as a rule live in worse housing conditions. The majority (86.6 percent) own an apartment or even a house (50 percent). But it is often poor standard housing without basic installations or running water. Only 8.3 percent of children had a room of their own, and somewhat over half (64 percent) had a place for schoolwork. This often affects schools grades. Nearly 5 percent have repeated a grade. They are able to travel on vacations or use the cultural agencies' facilities and services less frequently than other children. This mainly applies to children living in rural areas. Such difficulties coincide with the poor health of certain family members, as stated by one in every five large families.

[Question] Do they often receive aid?

[Answer] According to our findings, less than half received any aid. Moreover, the aid they received came from relatives or friends in Poland, less often from relatives or friends abroad, and from religious organizations or industrial plants. Large families were very seldom (only 6.7 percent) assisted by social welfare agencies. Almost one-half of large families believed they were entitled to special state assistance. These are the effects of our social policies. However, such aid should be centered on the families which are not in a position to improve their situation on their own. It is interesting to note that such possibilities are taken into consideration by just 40 percent of large families. These are the families which expect that their children will soon be able to make a living. Nearly 20 percent of large families believe their material situation is poor or very poor.

There are only very few large families that may be considered pathological, e.g., cases where the father drinks, displays no interest in their children, and does not contribute to their support. Often, however, these are healthy, warm families, providing a sound environment for raising children. They require social aid all the more because a substantial proportion of the young generation is being raised under these conditions. According to our research, their start in life is much less favorable than that of the other children.

"One-parent families with three children or more constitute a group that decidedly requires more substantial aid. Their situation is much worse than that of large two-parent families. I would, however, suggest that we discuss them in our next talk.

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